
THE DAILY NEWS DIGEST

June 30, 2010

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DAILY NEWS DIGEST ARTICLES

June 30, 2010

Section I: Texas Air

EPA gets tough on Texas for air quality

Marketplace, 06/30/10

Summary: The Environmental Protection Agency doesn't think Texas is doing enough to keep its air clean. So the agency is expected to tell the state that the federal government is taking over air quality permitting for about 39 plants. Ben Philpott reports.

New analysis highlights toxin findings

Denton Chronicle, 06/30/10

Summary: The latest health-effects analysis of Barnett Shale air by state environmental officials is the first to underscore similarities of toxic compounds inspectors continue to find at elevated levels around natural gas facilities. The analysis, written May 25 and released June 4, is the fifth such analysis released by the Texas Commission on Environmental Quality since October. It examines new findings by inspectors and the long-term risks those toxic compounds could present. Inspectors have been going back, officials said, and retesting emissions at several natural gas production sites since they first tested last fall — and released those detailed results in 300-page report in January.

Texas congressional leaders urge spat resolution

Caller.com, 06/29/10

Summary: Texas' two U.S. senators and 26 U.S. House representatives sent two letters to the Environmental Protection Agency urging a quick resolution between it and the state environmental agency on air permitting issues. Corpus Christi's congressional representative, Solomon P. Ortiz, did not sign the letters. On May 25, the EPA announced it will take over some aspects of air permitting in Texas until the Texas Commission on Environmental Quality's air quality program can become consistent with the Clean Air Act. It also took over the air permit process for a Corpus Christi refinery, Flint Hills Resources East Plant and two others in the state.

Opponents urge state to deny Las Brisas permit

Caller.com, 06/29/10

Summary: Opponents of Las Brisas Energy Center are urging the state to deny the proposed power plant's air permit. Several groups had a news conference Monday in advance of the Texas Commission on Environmental Quality's meeting Wednesday to discuss the permit. Two state administrative law judges have recommended denying the permit or sending it back to the state for more work. Las Brisas officials have said they fixed the issues and are confident the permit will be issued.

Section II: Oil Spill

Relief well making fast progress

Houston Chronicle, 06/30/10

Summary: BP's progress drilling a relief well may put it within striking range of the blown out Macondo well in as little as two weeks, independent analysts said Tuesday, stoking hopes that the devastating gulf oil spill could be stopped nearly a month earlier than anticipated. While BP has not adjusted its early August timetable for completing the first of two relief wells boring toward the Macondo more than two miles beneath the Gulf of Mexico seabed, independent drilling engineers and some energy analysts said the company could be in a position to intercept the damaged well and begin the critical kill operation within 14 days.

Hurricane Alex new blow to U.S. oil spill efforts

Reuters, 06/30/10

Summary: The season's first Atlantic hurricane is disrupting cleanup of BP's massive oil spill in the Gulf of Mexico, delaying plans to boost containment capacity and threatening to push more oily water onshore. The Gulf oil spill disaster has reached day 72, with environmental and economic costs to tourism, wildlife, fishing and other industries still mounting and the future of BP, the London-based energy giant, far from clear.

Special Report: BP oil spill a gusher for lawyers

Reuters, 06/30/10

Summary: From a legal perspective, BP's Deepwater Horizon blowout and the 1989 grounding of the Exxon Valdez are in many respects night and day. "The Gulf is seen to be a systemic breakdown," said Zygmunt Plater, a professor at Boston College Law School and former chairman of the Alaska Oil Spill Commission's legal task force after the Valdez disaster. "It's not just one guy who had some drinks."

BP shares jump as bid talk helps boost sentiment

Reuters, 06/30/10

Summary: Shares in BP jumped 8 percent on Wednesday, helped by bid talk and optimism that the worst may be over for the stock as the company comes closer to halting the massive oil leak from its Gulf of Mexico well. "BP is up on spill-over interest from the JPMorgan 'Fantasy M&A' note yesterday mentioning possible bids, but really it's just a squeeze after the falls," said a trader, referring to a research note which speculated Exxon Mobil could buy BP.

Deepwater BP Oil Spill latest news and updates

Prime Writer News Network, 06/30/10

Summary: Vice President Joe Biden visited New Orleans and Pensacola, Fla., to survey the response efforts, visit with Gulf Coast residents impacted by the spill, and meet with area officials. Biden visited the Unified Area Command to receive a briefing on response efforts and tour the facility. He was joined by National Incident Commander Admiral Thad Allen, Navy Secretary Ray Mabus, NOAA Administrator Dr. Jane Lubchenco, Federal On-Scene Coordinator Rear Admiral James Watson, Louisiana Governor Bobby Jindal and Congressman Anh "Joseph" Cao.

Gulf of Mexico sea turtles may be burning with oil, groups plan to sue BP

Miami Herald, 06/30/10

Summary: Crews working to burn oil off the Gulf of Mexico before it reaches shore may be burning something else as well: Sea turtles trapped in the slicks. Two environmental groups on Tuesday filed formal notice of their intention to sue BP, the Coast Guard and a string of federal agencies involved in the cleanup. They contend the practice of corraling and torching oil at sea was being conducted without first adequately checking for turtles and likely claiming hundreds of them, including endangered Kemp's ridleys.

Spill emerges as campaign issue across the nation

Boston Globe, 06/30/10

Summary: The BP oil disaster has seeped into congressional campaigns in states far from the Gulf Coast, as voters and candidates clash over the future of energy exploration and the relationship between government and the industries it regulates. In some districts and states, the spill has reignited a debate over oil drilling and other energy issues, with candidates weighing local job creation against environmental protection. In other areas, the Tea Party movement's push against big government is being parried by Democrats, who see in the oil-soaked pelicans and grieving families of 11 dead workers from the oil blast justification for stricter oversight.

Spill Is Election Issue Far Beyond Gulf

NY Times, 06/29/10

Summary: Candidates from coast to coast — and many states in between — are redirecting their campaigns in an emotional, frantic effort to turn the oil spill to political advantage. Democrats and Republicans fighting for Senate seats in the Midwest are portraying oil company contributions as a stain as ugly as the rusty sludge on Southern beaches. Candidates for governor from Massachusetts to Florida now stump for novel ideas to plug the hole (why not air bags?) and to clean up the mess, while in Washington, each party insists that the spill will help it in November.

Expert sees big mental health effects from BP spill

Reuters, 06/29/10

Summary: The mental health impacts of the BP oil spill will dwarf those encountered after the last major oil spill off U.S. shores, a sociologist who studied the Exxon Valdez spill told Florida volunteers on Tuesday. University of South Alabama researcher Steve Picou said the effects of the spill will far overshadow the negative effects experienced by 30,000 Alaska residents after the Exxon tanker dumped millions of gallons (liters) of crude into Prince William Sound in 1989.

US accepts international assistance for Gulf spil

AP, 06/29/10

Summary: The United States is accepting help from 12 countries and international organizations in dealing with the massive oil spill in the Gulf of Mexico, the State Department said Tuesday. The State Department said in a news release that the U.S. is working out the particulars of the help that's been accepted. More than 30 countries and international organizations have offered to help with the spill. The U.S. hasn't made a final decision on most of the offers.

Spill skimmers sent back to shore due to storm

MSNBC, 06/29/10

Summary: BP and the Coast Guard sent oil-scooping skimming ships in the Gulf of Mexico back to shore Tuesday because nasty weather from Tropical Storm Alex churned up rough seas and powerful winds. U.S. Coast Guard Lt. Dave French said all efforts had been halted for now off the Louisiana coast. Efforts also had been halted off the coasts of Florida, Alabama and Louisiana. The loss of skimming work combined with 25 mph gusts driving water into the coast has left beaches especially vulnerable.

APNewsBreak: BP giving financial help to stations

AP, 06/29/10

Summary: Oil giant BP PLC is floating a financial lifeline to the owners, operators and suppliers of the gas stations around America that bear its name and have been struggling because of boycotts prompted by the Gulf spill. The head of a trade group that represents distributors of BP gasoline in the U.S. told The Associated Press on Tuesday that the company is informing outlets that they will be getting cash in their pockets, reductions in credit card fees and help with more national advertising.

La. parish president is face of anger over spill

AP, 06/29/10

Summary: Billy Nungesser, a rotund and feisty millionaire-turned-politician from Louisiana's bayou, hasn't been afraid of taking on everyone from big oil to big government since crude started washing up on his coast. The blunt-spoken president of oil-soaked Plaquemines Parish has been the voice of thousands of coastal residents, his sometimes unpolished demeanor capturing their angst. His voice has often echoed across the Gulf louder than bigger power players - Gov. Bobby Jindal, Sen. Mary Landrieu and Sen. David Vitter among them.

Cash Business In Gulf Makes Compensation Difficult

NPR, 06/29/10

Summary: Cash is king in the Gulf fishing industry. And many fishermen and residents say a large, if unquantifiable, amount of the Gulf Coast's economy operates with cash. It's a segment of the economy that, for generations, has been kept in the shadows of the Internal Revenue Service. That's a sore subject now. Since the oil spill began, many of the fishermen haven't been able to work. And they want to collect payment from the \$20 billion compensation fund BP set up.

Court to hear deepwater drilling ban appeal July 8

AP, 06/29/10

Summary: A federal appeals court in New Orleans will hear the government's appeal of a ruling overturning the deepwater drilling ban in the Gulf of Mexico on July 8. The six-month moratorium was ordered in late May by the Barack Obama's administration after the Deepwater Horizon disaster. A group of offshore petroleum service companies sued, saying the government had not justified the widespread ban.

Gulf Coast tourism officials plead for help

Gannett, 06/29/10

Summary: A \$500 million marketing campaign will be necessary to combat public perceptions about the Gulf of Mexico oil spill that could ripple for years, tourism officials told congressional staffers Tuesday. Such a campaign over the next 18 months could help avert economic catastrophe for 1 million Gulf Coast workers who depend on tourism, the officials from Florida, Louisiana and the U.S. Travel Association told more than 100 staffers. They said they would have specific legislative requests for assistance within a month.

Trade group: BP to give cash to distributors of its gasoline due to lost sales from boycotts

AP, 06/29/10

Summary: Oil giant BP PLC is floating a financial lifeline to the owners, operators and suppliers of the gas stations around America that bear its name and have been struggling because of boycotts prompted by the Gulf spill. The head of a trade group that represents distributors of BP gasoline in the U.S. tells The Associated Press that the company is in the process of informing outlets that they will be getting cash in their pockets, reductions in credit card fees and help with more national advertising.

Storm Alex is slowing oil cleanup as Biden visits Gulf

USA Today, 06/29/10

Summary: As Vice President Biden visits the Gulf coast today, Tropical Storm Alex is complicating cleanup of the worst oil spill in U.S. history. BP and the Coast Guard sent oil-scooping skimming ships in the Gulf of Mexico back to shore Tuesday, because the storm was creating rough seas and powerful winds, reports the Associated Press.

BP Pays Government First \$69 Million Bill For Gulf Oil Spill Recovery Efforts

AP, 06/29/10

New York Fed probes Wall Street exposure to BP: sources

Reuters, 06/29/10

Summary: The Federal Reserve Bank of New York has been probing major financial firms' exposure to BP Plc to ensure that if the oil giant buckles under the costs of the Gulf oil spill, it won't put Wall Street or the global financial system at risk, according to two sources familiar with the matter. After poring over documents and asking banks about their exposure to BP over the past two weeks, the Fed found no systemic risk, and hasn't asked firms to alter their credit relationships with BP, the sources told Reuters.

As CEO Hayward Remade BP, Safety, Cost Drives Clashed

Wall Street Journal, 06/29/10

Summary: Early on June 5, 2008, a piece of steel tubing ruptured on BP PLC's vast Atlantis oil platform in the Gulf of Mexico. The tubing was attached to a defective pipeline pump that BP had put off repairing, in what an internal report later described as "the context of a tight cost budget." The rupture caused a minor spill, just 193 barrels of oil, but BP investigators identified bigger concerns. They found the deferred repair was a "critical factor" in the incident, but "leadership did not clearly question" the safety impact of the delay. The budget for Atlantis—one of BP's most sophisticated facilities—was "underestimated," resulting in "conflicting directions/demands." As investigators were questioning Atlantis' lean operation, top executives were praising it.

Analysis: BP PR blunders carry high political cost

Reuters, 06/29/10

Summary: A week after one of his wells in the Gulf of Mexico began spewing crude into the sea, BP Chief Executive Tony Hayward visited the Reuters office in London. Initially anxious, the CEO relaxed and grew in confidence as he outlined his plans to halt the leak, peppering his conversation with industry slang like "mods," short for "modifications." His message over the lunch with senior journalists was clear: BP had one of the biggest engineering, logistical and financial problems the oil industry had ever faced, but the company was up to the challenge.

Lawmakers Seek More Details on Company Spill Response Plans, Following Hearing

BNA's Daily Environment, 06/29/10

Summary: Rep. Henry Waxman (D-Calif.) and other members of the House Committee on Energy and Commerce are seeking more details about the oil spill response plans of four major oil companies after a committee investigation revealed that the companies had plans that were "practically identical" to the "flawed" oil spill response plan used by BP Plc in the Gulf of Mexico. In a June 28 letter addressed to the chief executive officers of ExxonMobil, Shell, ConocoPhillips, and Chevron, Waxman sought information on the adequacy of those response plans' ability to protect the Gulf.

Vice President Joe Biden arrives in New Orleans for oil spill visit

Times-Picayune, 06/29/10

Summary: Vice President Joe Biden arrived at Louis Armstrong International Airport in Kenner at 9:40 this morning for the start of his visit to several areas affected by the massive BP oil spill in the Gulf of Mexico. Wearing khaki pants, a blue polo shirt and a baseball cap with an American flag, Biden was greeted with handshakes by Louisiana Gov. Bobby Jindal and U.S. Rep. Anh "Joseph" Cao, R-New Orleans.

BP floating financial lifeline to station owners

AP, 06/29/10

Summary: Oil giant BP PLC is floating a financial lifeline to the owners, operators and suppliers of the gas stations around America that bear its name and have been struggling because of boycotts prompted by the Gulf spill. The head of a trade group that represents distributors of BP gasoline in the U.S. told The Associated Press on Tuesday that the company is informing outlets that they will be getting cash in their pockets, reductions in credit card fees and help with more national advertising.

BP meets deadline for oil spill payments to govt

AP, 06/29/10

Summary: BP has met its July 1 deadline to pay the federal government for the initial costs of responding to the Gulf oil spill. The Obama administration says BP paid two bills totaling about \$71 million earlier this month. The government had set a Thursday deadline for the largest of the two bills, which charged the company \$69 million. The administration says the oil company is still reviewing and processing a third bill for \$51.4 million.

Far-off hurricane could slow oil spill cleanup

AP, 06/29/10

Summary: The tropical storm plowing across the far side of the Gulf of Mexico could send oil skimmers back to port and make containment booms useless, even from some 500 miles away. But the rough weather also might give nature a hand in breaking down crude from the massive oil spill. Forecasters expect Alex to grow to hurricane strength later Tuesday over the southwestern Gulf on track for the Texas-Mexico border region and away from the oil spill area off Louisiana.

Rough seas halt skimming operations off Gulf Coast

AP, 06/29/10

Summary: BP and the Coast Guard sent oil-scooping skimming ships in the Gulf of Mexico back to shore Tuesday because nasty weather from Tropical Storm Alex churned up rough seas and powerful winds. U.S. Coast Guard Lt. Dave French said all efforts had been halted for now off the Louisiana coast. Efforts also had been halted off the coasts of Florida, Alabama and Mississippi. French said workers were using the time off the water to replenish supplies and perform maintenance work on equipment.

Red tape keeps Gulf marsh cleanup on hold

MSNBC, 06/29/10

Summary: At a lab on Grand Isle, La., at the edge of Barataria Bay, biologists hoping to help save the oil-soiled marshlands are at the ready with a vat containing 30,000 gallons of homegrown oil-eating bacteria. But it's been weeks since the oil started washing up here, and still they await final clearance to begin work.

How to help with the oil spill cleanup

Washington Post, 06/29/10

Summary: The Deepwater Horizon Response volunteer request line is 866-448-5816, but operators will only take your name and e-mail address to send you contact information for agencies in each of the four affected gulf states:

Mabus to assess damage

Politico.com, 06/29/10

Summary: Navy Secretary Ray Mabus began his first visit to the Gulf Coast as head of the Gulf Coast Restoration Plan on Monday, meeting in the evening with Louisiana Gov. Bobby Jindal in Baton Rouge to discuss the BP oil disaster and the federal government's plan to repair the area's fragile ecosystem. According to his office, Mabus will then head to New Orleans, continuing a five-day tour to assess oil spill damage and meet with state and local officials. Mabus will also have to confront the herculean task before him: to reverse what President Barack Obama called the "decades of environmental degradation" that have ravaged the region's ecology. Experts said the president's vow to "restore the unique beauty and bounty" of coastal Texas, Mississippi, Louisiana, Alabama and Florida could take decades, cost tens of billions of dollars and risk being undermined by conflicting demands.

Gulf's coastal wetlands surviving despite oil

AP, 06/29/10

Summary: From a seaplane 1,000 feet above Louisiana's coastal wetlands, the places hit hardest by the Gulf of Mexico oil spill are easy to spot — dark slashes marring a vast expanse of marshes and bayous. Yet more than two months after the spill started, the view appears to confirm what many scientists are concluding: The wetlands, a haven for fish and seabirds and a flood buffer during the Gulf's notoriously vicious storms, "have come through so far pretty unscathed," Paul Kemp, director of the National Audubon Society's Louisiana Coastal Initiative, said after a recent 260-mile flight over most of the affected sections.

Oil spill's effect on dead zone unknown

DailyComet.com, 06/29/10

Summary: This year's dead zone, an area of water with low-to-no oxygen that forms annually off the Louisiana coast, is forecast to be bigger than average this year, covering an area roughly the size of New Jersey, according to scientists. The dead zone is sure to compound the environmental catastrophe wrought by the Gulf of Mexico oil spill, though exactly how remains unknown, said Nancy Rabalais, director of the Louisiana Universities Marine Consortium in Cocodrie. Bacteria breaking down the oil, a process that consumes oxygen, could increase the size of the dead zone. But the oil could also limit the growth of algae needed to fuel the dead zone by blocking light needed to help the algae grow or killing it with its toxicity. It is clear, Rabalais said, that the combined effects of the oil spill and the annual dead zone will deal a blow to local fisheries.

Analysis: Doing nothing might have been best for oil spill

Reuters, 06/28/10

Summary: It might have been better for the environment to have done nothing about the enormous oil spill in the Gulf of Mexico except to keep the oil out at sea, British scientists said on Monday. Marine biology and environmental experts said they feared the aggressive cleanup operation, during which oil has been set alight and oil-dispersing chemicals have been dumped into the sea, might be more damaging than the oil itself.

House, Senate Committees Set to Act On Oil Spill Regulations, Unlimited Liability

BNA's Daily Environment, 06/28/10

Summary: House and Senate committees plan to mark up legislation the week of June 28 that would repeal liability caps in current law for oil spills, would reorganize the agency in charge of the federal oil and gas leasing program, and would establish the most stringent regulations for offshore oil and gas drilling in decades. Oil spill legislation is expected to move through the House and Senate in July after members return from the July 4 recess, but the timing is still unclear.

BP spill shakes up local oil explorers

Ctpost.com, 06/28/10

Summary: The BP Plc oil disaster in the Gulf of Mexico is muddying the waters for this area's oil exploration companies. Stamford-based PrimeEnergy Corp., which explores for crude oil and natural gas and operates wells, is holding off on new investments as it waits to see how pending regulations will affect the costs of drilling and prospecting. "It'll definitely make people pause on acquisitions until we can figure out what the costs are," said Charles Drimal, president and chief executive officer of PrimeEnergy. "My issue is if I wanted to buy reserves, what would I pay for it?"

Stress test

BusinessReport.com, 06/28/10

Summary: A shrimp trawler idles through Pass-a-Loutre near the mouth of the Mississippi River. The pilot calls himself "Little Buddy." If pressed, he'll admit his given name is Nathan Creppel. He's been shrimping in these waters all of his adult life. Two Department of Wildlife & Fisheries employees are riding shotgun, and three reporters are sitting up front. On Creppel's left, two lines of boom buffer a swath of roseau cane: hard boom on the outside and absorbent boom on the inside. Marsh plants like the cane are important because they hold the soil together and help keep Louisiana's valuable wetlands from vanishing into the sea.

Seeking God's Help for a Wounded Gulf

NY Times, 06/27/10

Summary: In a small white building along the baptizing Bon Secour River, a building that once housed a shrimp-net business, the congregation of the Fishermen Baptist Church gathered for another Sunday service, with the preacher presiding from a pulpit designed to look like a ship captain's wheel. After the singing of the opening hymn, "Ring the Bells of Heaven," and the announcement that an engaged couple was now registered at Wal-Mart, the preacher read aloud a proclamation from Gov. Bob Riley that declared this to be a "day of prayer" — a day of entreaties to address the ominous threat to the way of life just outside the church's white doors.

Cleanup Hiring Feeds Frustration in Fishing Town

NY Times, 06/27/10

Summary: Nine weeks into the disaster in the Gulf of Mexico, there is more money in this small, hardscrabble fishing town than there has been in decades, residents say. There are more high-paying workdays, more traffic accidents, more reports of domestic violence, more drug and alcohol use, more resentment, more rumors, more hunger, more worry. Mary and Norman Criswell worked on their now-idle oyster boat last week in Bayou La Batre. They have not yet received an offer from BP to participate in the oil cleanup's Vessels of Opportunity program. More Photos »

Section III: Other

DSHS Issues Fish Advisory for Lower Leon Creek

The Cherokeean, 06/30/10

Summary: The Texas Department of State Health Services has issued an advisory warning people not to consume any species of fish from Lower Leon Creek from the Old U.S. Highway 90 bridge downstream to the Loop 410 bridge in San Antonio. The advisory was issued after laboratory testing showed elevated levels of polychlorinated biphenyls, or PCBs, in fish samples collected from the creek. DSHS tested tissue samples from nine species of fish as part of a re-evaluation of the creek. A smaller portion of the creek has been under a similar advisory since 2003 because of elevated levels of PCBs.

Texas may allow more E. coli bacteria in water

Dallas Morning News, 06/30/10

Summary: Texas environmental regulators will consider lowering the standard for E. coli bacteria in recreational waters, a move that increases the risk to public health. The governor-appointed, rule-making body of the Texas Commission on Environmental Quality will meet Wednesday. Its staff and scientists recommend the standards be loosened..

EPA to seek public comment on hydraulic fracturing in Fort Worth

Fort Worth Star-Telegram, 06/29/10

Summary: Mike Paque, executive director of the national Ground Water Protection Council, laments that hydraulic fracturing has "become the synonym for everything people don't like" about the drilling of natural gas and oil wells. Hydraulic fracturing, a process routinely employed in the Barnett Shale in North Texas, is a long-used procedure under which huge volumes of water and sand, along with a much smaller amount of chemicals, are injected deep underground to fracture rock formations and allow gas and oil to flow into a wellbore.

Corpus power plant could lead to faster taking of Colorado River water

American-Statesman, 06/29/10

Summary: The state environmental agency today could give the go-ahead for the construction of a large petroleum coke power plant in Corpus Christi, likely leading the city to accelerate a plan to take billions of gallons of faraway Colorado River water. Though the city is unlikely to use the water for at least another decade, the plan will probably put further strain on the Colorado, which runs through Austin and is the source of drinking water for a wide swath of Central and South Texas.

Obama funds research into algae-based biofuels

USA Today, 06/29/10

Summary: In its push for clean energy sources, President Obama's administration is exploring all options -- including algae-based biofuels. The U.S. Department of Energy announced Monday that it's awarding up to \$24 million for three research groups to figure out how to make such biofuels commercially viable. "The United States must find effective ways to hasten the development of technologies for advanced biofuels made from algae and other renewable resources to reduce our need for foreign sources of oil," Assistant Secretary for Energy Efficiency and Renewable Energy Cathy Zoi said in the announcement.

Alex speeds up, eyes Brownsville

San Antonio Express, 06/29/10

Summary: Rio Grande Valley residents boarded up windows, filled gas tanks and stared at TV radar images of Tropical Storm Alex as it barreled their way Tuesday. As of midmorning, storm models showed Alex heading toward northern Mexico, which would put its topside in a good position to whip heavy winds and rain over Brownsville — a bad scenario for the Valley's most populous city. Cameron County Judge Carlos Cascos anticipated flooding and power outages.

Dallas-area contingent heads to Gulf Coast as Tropical Storm Alex bears down

Dallas Morning News, 06/29/10

Summary: With near-hurricane-force winds bearing down on South Texas today, Dallas Fire-Rescue has sent a 43-person task force to the Gulf Coast to help prepare for the storm. Tropical Storm Alex is expected to become the season's first named hurricane before making landfall overnight near the Texas-Mexico border, according to the National Hurricane Center.

Strengthening Alex expected to become hurricane

AP, 06/29/10

Summary: A strengthening Tropical Storm Alex was expected to become a hurricane Tuesday as it swirled toward the Gulf coast of northern Mexico and southern Texas, where authorities were readying emergency shelters and distributing sandbags. Forecasters said the storm's likely path would take it away from the site of the huge Gulf of Mexico oil spill off Louisiana's coast, but added that it might push oil farther inland and disrupt cleanup efforts.

Storm Alex nears hurricane strength in Gulf of Mexico

Reuters, 06/29/10

Summary: Tropical Storm Alex was close to hurricane strength in the Gulf of Mexico on Tuesday but it remained on a track north of Mexican energy platforms and far southwest of U.S. fields, further easing concerns in the oil market over supply disruption. Alex, the first named storm of the Atlantic hurricane season, was forecast to move slowly away from the Yucatan Peninsula over southern Gulf waters and curl northwest away from major oil-extraction facilities to hit the coast of southern Texas or northern Mexico around mid-week.

Pipeline explosion west of Pocasset injures three

News OK, 06/29/10

Summary: Three people were injured this morning, one critically, in a natural gas pipeline explosion near Pocasset. The fire is now under control, said Dale Thompson, Grady County emergency management director. Grady County Sheriff Art Kell said one of the injured workers was taken by helicopter in critical condition to an Oklahoma City hospital, and the other two were taken to a hospital by ambulance. He said their medical conditions apparently were not critical.

Obama presses for price on carbon in energy bill

Reuters, 06/29/10

Summary: President Barack Obama urged lawmakers to put a price on carbon pollution in a climate and energy bill that is currently stalled in the Senate, the authors of the bill said after a White House meeting on Tuesday. Senator Joe Lieberman, an independent who wrote the legislation with Democrat John Kerry, said previously-reluctant senators at the meeting said they would work with him and Kerry and expressed willingness to discuss "limited forms" of carbon pricing.

Study of Hydraulic Fracturing Should Focus On Clarifying Exposure Risk, Advisers Say

BNA's Daily Environment, 06/29/10

Summary: The Environmental Protection Agency should approach its study of hydraulic fracturing in oil and natural gas wells with a particular emphasis on the sources and pathways that might allow fracturing fluids to contaminate drinking water, according to a report from the EPA Science Advisory Board. The board's June 24 Advisory Report on EPA's Research Scoping Document Related to Hydraulic Fracturing summarized the EPA study plan as a reasonable one, but it recommended that EPA "develop a preliminary risk-based research prioritization approach."

Appeals Court Rejects GE Challenge to Superfund Law

Wall Street Journal, 06/29/10

Summary: A federal appeals court Tuesday rejected General Electric Co.'s constitutional challenge to part of the federal Superfund law that gives the Environmental Protection Agency the power to order companies to clean up sites contaminated with hazardous waste. The U.S. Court of Appeals for the District of Columbia Circuit ruled unanimously that the Superfund law didn't violate GE's constitutional due-process rights.

Obama to senators: Include carbon limits in energy package

The Hill, 06/29/10

Summary: Leading Senate advocates of climate change legislation emerged from a White House meeting proclaiming President Barack Obama offered firm support for including greenhouse gas curbs in the broad energy package slated for Senate debate this summer. "The president was very clear about putting a price on carbon and limiting greenhouse gas emissions," Sen. John Kerry (D-Mass.) said outside the White House after the 90-minute meeting between Obama and a bipartisan group of about 20 senators.

Texas preps emergency weather response for Alex

AP, 06/29/10

Summary: Crews are clearing roadside ditches and boarding up windows in south Texas where residents and officials are learning they will have less time than expected to prepare for Alex before the storm hits Texas' Gulf Coast. National Weather Service official Mark Fox told state and local officials that Alex is expected to make landfall in northern Mexico and southern Texas as a Category 1 hurricane as early as 7 p.m. Wednesday. That is about 12 hours earlier than previously forecast.

Mart Issues Boil Water Notice

KWTX.com, 06/29/10

Summary: The City of Mart has issued a boil water notice, effective immediately, because of an electrical malfunction at its water plant. The notice affects all addresses inside the city limits of Mart, including the Texas Youth Commission facility and Calvary Eskew. City water department officials say the water system is experiencing low chlorine residual because of the electrical problem. Residents inside the city limits are advised to boil their tap water for at least two minutes prior to its use. The notice was required by the Texas Commission on Environmental Quality.

Texas reworking plan for radioactive waste shipments

Star-Telegram, 06/29/10

Summary: A plan to potentially let 36 states ship radioactive waste to West Texas -- loads that likely would pass through North Texas on major highways and railroads -- is being revamped by state officials. This month, members of the Texas Low-Level Radioactive Waste Disposal Compact Commission took down proposed rules that could have allowed dozens of states to send low-level waste to a site in Andrews County.

Lake O' the Pines beach, swim areas to remain closed

Longview News Journal, 06/29/10

Summary: The beaches and designated swimming areas at Lake O' the Pines will remain closed through Thursday, and the Fourth of July weekend is in jeopardy of having the areas closed, the lake manager reported Monday. Meanwhile, state environmental regulators were awaiting results of E. coli testing in the main body of the lake. Staff from the Texas Commission on Environmental Quality office in Tyler took water samples outside the swimming areas this past Thursday.

Airline food inspections show some unsanitary conditions

NewsOK.com.com, 06/29/10

Summary: Some airline food has the potential to crash and burn in travelers' stomachs, inspection reports suggest. Live roaches, signs of mice and flies at some caterers' kitchens were found during inspections by the Food and Drug Administration. Other findings include preparers not washing their hands, dirty equipment and food not stored at the right temperature. "Ugh. That has me a little worried," Justin Wallis, of Edmond, said when told about the roaches.

Composting worth boasting about

Bonham Journal, 06/29/10

Summary: While composting isn't the sexiest part of landscaping, there are definite economic and environmental advantages to doing it, said Texas AgriLife Extension Service and other experts. "Making your own backyard compost bin or using commercially produced compost reduces landfill use and waste transportation costs," said David Rodriguez, AgriLife Extension agent for horticulture in Bexar County. "It also helps preserve soil moisture, which is especially important during a drought, along with helping prevent soil erosion." According to the Texas Commission on Environmental Quality, the state's residents use an estimated 15 million cubic yards in landfill space and pay about \$150 million in landfill costs each year. The commission also estimates that more than 5 million tons of yard trimmings and other organic materials are tossed into the state's landfills annually.

Proposed oil pipeline to Texas raises worries

Houston Chronicle, 06/28/10

Summary: From the ranches of East Texas to Capitol Hill, folks suddenly have the jitters about a proposed pipeline that would bring Canadian crude to the refineries of Houston and Port Arthur. The \$7 billion project, called Keystone XL, would increase America's access to crude from Canada's tar sands, as offshore crude exploration faces scrutiny amid a runaway oil spill in the Gulf of Mexico and a legal fight over a federal offshore drilling moratorium.

TAEC Announces Plans to Open Production Facility for New Line of Powerful Green Cleaning Products

Market Watch, 06/28/10

Summary: Today's Alternative Energy Corporation /quotes/comstock/11k!bsom (BSOM 0.07, -.00, -1.62%) (FRANKFURT: B10206) today announced plans to open a production facility that will manufacture a new line of industrial strength, environmentally friendly biodegradable cleaning products for consumers. TAEC has chosen to locate the production facility in San Antonio, Texas to take advantage of its business friendly low operating cost environment, its prime location for distributing TAEC's cleaning products to retailers nationwide and its proximity to a highly skilled workforce. TAEC is currently reviewing and negotiating production facility proposals submitted by the final candidates and expects to reach an agreement and start building out the facility in July.

Oklahoma Supreme Court Upholds Law Barring Challenges to Relocation Payments

BNA's Daily Environment, 06/28/10

Summary: The Oklahoma Supreme Court on June 22 upheld the constitutionality of a state law barring legal challenges to the amount of relocation funds paid to people living near the Tar Creek superfund site (Lafalier v. The Lead-Impacted Communities Relocation Assistance Trust, Okla., No. 107833, 2010 OK 48, 6/22/10). Although the supreme court in its opinion disagreed with the trial court's conclusion that the statute in question invoked the doctrine of sovereign immunity—which prohibits lawsuits against the state without its permission—it found that the Legislature properly withheld a cause of action when it stated that the law establishing the trust did not create any property rights subject to lawsuits.

Toxic Mercury Is More at Home in Seawater, Study Finds

NY Times, 06/28/10

Summary: It has long been known that mercury levels in seafood can prove poisonous to humans. Methylmercury, an especially toxic form of mercury, can lead to kidney dysfunction and neurological disorders. Pregnant women in particular are told to be careful because dietary exposure to methylmercury can lead to birth defects in infants. Now a new study suggests that humans need to be more wary of saltwater fish like tuna, mackerel and sharks than of freshwater fish. Although seawater has lower concentrations of mercury than freshwater, mercury in seawater is more likely to stay in its toxic form, researchers report in a recent issue of Nature Geoscience.

Team's Work Uses a Virus to Convert Methane to Ethylene

NY Times, 06/28/10

Summary: A team of molecular biologists and materials scientists said Monday they had genetically engineered a virus to convert methane to ethylene more efficiently and at a significantly lower temperature than previously possible. If they are successful in commercializing the new material, it will herald the arrival of a set of new technologies that represents a synthesis of molecular biology and industrial chemistry.

The Return of Superfund

NY Times, 06/27/10

Summary: Superfund — which cleans up abandoned hazardous waste sites — is one of the country's most important environmental programs. It has been struggling since 1995, when a Republican Congress refused to renew the corporate taxes that gave it a steady source of financing. The pace of cleanups has dropped markedly. The Environmental Protection Agency has now asked Congress to reinstate Superfund taxes. Representative Earl Blumenauer, Democrat of Oregon, has introduced a bill that would raise about \$19 billion over 10 years by imposing excise taxes on oil producers, refineries, chemical manufacturers and a few other industries.

Geothermal energy is gaining ground in Texas

San Antonio Express, 06/27/10

Summary: Miles below Texas are zones of hot, pressurized brine that for decades posed a liability to drillers and rendered oil and gas wells worthless. Now, new wildcatters are going after those same pools in the name of green energy. They want to use the pressure and heat to make electricity. If successful, they will introduce a new source of clean power to the grid that has the potential to exceed all other sources.

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Wednesday, June 30, 2010

EPA gets tough on Texas for air quality

The Environmental Protection Agency doesn't think Texas is doing enough to keep its air clean. So the agency is expected to tell the state that the federal government is taking over air quality permitting for about 39 plants. Ben Philpott reports.



Smog blankets Houston, Texas, during a hot summer day. (Joe Raedle/Newsmakers)

TEXT OF STORY

BILL RADKE: The Environmental Protection Agency doesn't think Texas is doing enough to keep its air clean. So today, the agency's expected to tell that state that the federal government is taking over air quality permitting for about 39 factories.

From KUT in Austin, Ben Philpott reports.

BEN PHILPOTT: What the federal government objects to most are the flexible permits that Texas issues to large plant and refineries. These allow the state to set a general limit on how much pollution an entire facility can release rather than restricting each smokestack within a plant.

Ralph Coker is a retired refinery manager who supports the Texas system, which he says allows companies to...

RALPH COKER: Put the best controls maybe on certain sources and less-than-most-efficient controls on some other small sources.

But the EPA believes each source of pollution should be tightly controlled. And today the agency is expected to tell the Texas Commission on Environmental Quality -- or TCEQ -- to fall in line.

Tom Smith is with public citizen Texas, a watchdog group that is concerned about the Texas system.

TOM SMITH: Even the George Bush administration said to TCEQ -- this process isn't working. And the industry has actually sued EPA saying -- let's figure out what the rules are here cause we're steering blind.

But Texas Governor Rick Perry, who's up for reelection in November, is expected vigorously to oppose the EPA's move.

In Austin, I'm Ben Philpott for Marketplace.

COMMENTS

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New analysis highlights toxin findings

State agency looks at risks from compounds found at gas facilities

12:21 AM CDT on Wednesday, June 30, 2010

By Peggy Heinkel-Wolfe / Staff Writer

The latest health-effects analysis of Barnett Shale air by state environmental officials is the first to underscore similarities of toxic compounds inspectors continue to find at elevated levels around natural gas facilities.



DRC/Barron Ludlum

Inspectors have found elevated benzene levels at Devon Energy's compression facilities on Jim Baker Road, shown June 15.

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The analysis, written May 25 and released June 4, is the fifth such analysis released by the Texas Commission on Environmental Quality since October. It examines new findings by inspectors and the long-term risks those toxic compounds could present. Inspectors have been going back, officials said, and retesting emissions at several natural gas production sites since they first tested last fall — and released those detailed results in 300-page report in January.

Among those compression plants in Denton, Hood, Parker and Wise counties that inspectors sampled again in March, the highest benzene concentration, 37 parts per billion, was detected at a Devon Energy complex on Jim Baker Road between Justin and Dish.

The Jim Baker Road site was the only Denton County facility included in the analysis.

The highest benzene reading overall, 95 ppb, was detected at a Stallion Oilfield Services commercial disposal well in Parker County.

All six facilities that state inspectors revisited are within about 1,000 feet from people's homes.

Although benzene was not the only toxic compound found at the facilities, benzene is a known carcinogen. According to the Environmental Protection Agency's hazard summary for benzene, continuously breathing air with an average of 0.4 ppb of benzene increases cancer risk to 1 in 100,000 over a lifetime.

Through its National-Scale Air Toxics Assessment program in 2008, the EPA set a target for cancer risk

of 1 in 1 million people. Long-term, benzene levels at 0.04 ppb present the 1-in-a-million risk.

The EPA website defines a risk level of 1 in a million as the likelihood that up to one person, out of 1 million equally exposed people, would contract cancer if exposed continuously to the specific concentration over a lifetime.

The EPA does not require entities meet those risk targets with the Clean Air Act. The federal legislation only requires emissions monitoring at the source, according to Ruben Casso, EPA air toxics coordinator for Region 6.

The toxicology division at TCEQ set a threshold for long-term, or lifetime, exposure in Texas at 1.4 ppb for benzene. The EPA does not require states to do as Texas and others have, setting a long-term threshold for airborne toxic compounds such as benzene, Casso said.

ALSO ONLINE

 [Patterns Emerge](#)

“They are going above and beyond with that requirement,” he said of the state’s long-term threshold.

Devon Energy spokesman Chip Minty said state inspectors found a faulty valve before company inspectors did. The company fixed the problem right away, he said.

Robert J. Ryan, deputy general counsel for Houston-based Stallion Oilfield Holdings Inc., said in an e-mail that the company is cooperating with TCEQ in its continuing investigations, adding that the company has been “issued a TCEQ air authorization, under permit by rule, with which we are in compliance.”

A “permit by rule” allows a company to calculate its own emissions and claim that they will not exceed certain criteria. Once the TCEQ accepts the claim, the company pays a fee for the permit to operate.

Reporting exemptions

Among those facilities required to report their toxic releases to the EPA’s Toxics Release Inventory, Texas facilities reported releasing more benzene in 2008 than any state in the nation, about 1.9 million pounds to the air, soil and water.

Facilities in Louisiana reported the second highest amount, about 500,000 pounds of benzene.

Because operating permits for nearly all Barnett Shale facilities are “permits by rule,” they do not require those companies to report their releases of benzene and other toxic compounds to the federal inventory.

Of the 15 Denton County facilities that reported to the toxics inventory in 2008, the latest year data are available, none were associated with either natural gas extraction or production.

TCEQ is compiling its first-ever inventory of permanent equipment in the Barnett Shale and expects to release the information in July, according to spokesman Terry Clawson.

Devon Energy alone has 80 compression stations in the Barnett Shale region, Minty said.

In all, there are nearly 14,000 wells in the Barnett Shale, according to the latest data released by the Texas Railroad Commission. More than 3,000 well locations have been permitted but not yet drilled.

Devon site samples

TCEQ inspectors took several samples at Devon's site on Jim Baker Road last fall and returned twice this spring.

On Oct. 14, inspectors detected elevated levels of benzene, at 46 ppb, and carbon disulfide, a neurotoxin, at 6.2 ppb. The amounts did not pose a threat to short-term health but raised concerns about potential long-term exposure, according to a TCEQ report.

Devon repaired the valve, which was found to be leaking, Minty said. Inspectors returned in November and found benzene at 3.7 ppb, but no carbon disulfide.

In March, state inspectors returned to collect upwind and downwind samples.

Upwind, the inspectors measured benzene at 0.14 ppb in one sample. Downwind, one sample was almost 59 times higher, at 8.2 ppb; the other was 264 times higher, at 37 ppb.

After TCEQ reported those findings to Devon, the company repaired another valve, Minty said.

Inspectors returned again in May and gathered a downwind sample, detecting benzene at 12 ppb.

A Devon employee visits every compression site every day of the week, Minty said, because problems with equipment can occur at any time, even overnight.

"In this particular case, TCEQ discovered it before we did," Minty said. "We responded quickly, as we always do.

"It's important to keep perspective between companies that are responsive and to circumstances that are chronic and of public concern," he added.

The May 25 analysis

In this latest analysis from the TCEQ, toxicologists looked at follow-up samples taken by state inspectors March 1 through 5. Inspectors found "concentrations at these facilities [one commercial disposal and five compression plants in Denton, Hood, Parker and Wise counties] were similar to concentrations detected during previous sampling events in 2009," according to the analysis.

Facilities in Hood and Parker counties also were found emitting a host of other toxic compounds, including toluene and xylene, both neurotoxins. According to the state's analysis, levels were elevated for the short-term, but not high enough to be expected to cause immediate health effects.

BENZENE BY THE NUMBERS

Here is a look at the cancer risk associated with benzene exposure compared with the recent levels state environmental officials have reported

However, the Hood and Parker county facilities were referred to TCEQ's enforcement division for emitting above odor thresholds, which can cause people to have headaches and nausea.

In addition, TCEQ toxicologists recommended that monitoring continue in the Barnett Shale for long-term health risks.

The agency released a 300-page report in January, which showed that toxicologists found some emissions at nearly every Barnett Shale facility they checked last year. Tony Walker, regional director for TCEQ Region 4, said inspectors are revisiting facilities with elevated emission levels during the agency's large-scale study of Barnett Shale facilities last fall.

"We're working with our toxicology division to determine what the next steps will be," Walker said.

More inspections

Walker e-mailed the May 25 analysis to Denton County Judge Mary Horn along with a chart of results from yet another inspection last month. Inspectors went back to those six facilities (one commercial disposal and five compression plants in Denton, Hood, Parker and Wise counties), including the Devon facility, and collected more samples from May 4 through 19.

The latest round of inspections again showed elevated benzene levels as found in two or more previous inspections, including the finding at the Devon facility on Jim Baker Road.

Horn said she appreciated the notification, which was a first for her office, and the level of information provided.

"People have so many questions here, and they [TCEQ] didn't get on it as quickly as many wanted them to," Horn said.

Residents have complained about the Devon facility on Jim Baker Road as early as 2003.

Neither short-term samples, obtained in a day or less, nor ambient air monitoring, which continually measures certain pollutants from a fixed position, gets all the information needed, Horn said.

"It all has to be looked at," she said.

With the additional study, however, TCEQ is closer to meeting its needs for long-term data, Walker said.

at a compression facility in Denton County since October.

Texas' lifetime exposure threshold:
1.4 parts per billion

Level for lifetime cancer risk of 1 per
1 million: 0.04 ppb

Level for lifetime cancer risk of 1 per
100,000: 0.4 ppb

Level for lifetime cancer risk of 1 per
10,000: 4 ppb

Level found at Devon plant on Jim
Baker Road on Oct. 14: 46 ppb

Amount released in 2008, as reported
by Texas companies:

1.9 million pounds

Amount released in 2008, as reported
by Denton County Barnett Shale
operators: 0

*SOURCES: Texas Commission on
Environmental Quality,
Environmental Protection Agency*

“It’s more complex gathering short-term data to make long-term decisions,” he said.

Dish complex samples

Farther north of the Devon facility, the compression complex and treatment plants in Dish were part of TCEQ’s original study, where inspectors measured benzene at 1.6 ppb on Nov. 18. Inspectors also returned to Dish on March 4. A 30-minute, downwind sample found benzene at 0.31 ppb.

The TCEQ installed its permanent, ambient air monitor in Dish in April. Inspectors did not go back to take samples in Dish in May.

Dish Mayor Calvin Tillman said he was not surprised that pollution levels could be improving in his community. He took representatives from the Heinz Endowments — a Pennsylvania-based organization that gives grants to environmental causes — on a recent tour of Barnett Shale facilities, something he has not done himself in a long time. Tillman noted that facilities in his community appeared in better shape than facilities the group saw elsewhere in Denton and Wise counties, particularly along State Highway 114.

“Frankly, as the result of our fussing, such as where a relief valve might go, I know it [the valve] sometimes ends up on the other end of the line and in someone else’s backyard,” Tillman said. “That’s a double-edged sword, and it really sucks.”

PEGGY HEINKEL-WOLFE can be reached at 940-566-6881. Her e-mail address is pheinkel-wolfe@dentonrc.com.

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Texas congressional leaders urge spat resolution

By Fanny S. Chirinos

Tuesday, June 29, 2010

CORPUS CHRISTI — Texas' two U.S. senators and 26 U.S. House representatives sent two letters to the Environmental Protection Agency urging a quick resolution between it and the state environmental agency on air permitting issues.

Corpus Christi's congressional representative, Solomon P. Ortiz, did not sign the letters.

On May 25, the EPA announced it will take over some aspects of air permitting in Texas until the Texas Commission on Environmental Quality's air quality program can become consistent with the Clean Air Act. It also took over the air permit process for a Corpus Christi refinery, Flint Hills Resources East Plant and two others in the state.

The federal agency objects to the Flint Hills permit and 39 others in Texas partly on the grounds they include flex permits, which Texas started in the 1990s but were never approved by the EPA. A flex permit puts a facility's emissions under one umbrella, allowing pollution from individual units to exceed limits as long as the entire facility stays under a total cap.

To continue operating, Flint Hills East Refinery must submit a permit application to the federal agency by Sept. 15 or face potential fines.

State officials have said they are working on a resolution with the federal agency. Gov. Rick Perry has sent a letter urging President Barack Obama to stop what he calls the EPA's excessive overreach into Texas' permitting process, saying it threatens to kill tens of thousands of Texas jobs and derail a program that has effectively cleaned Texas' air.

Ortiz's legislative aide, Dave Helfert, said Tuesday the Democratic congressman chose not to sign one of the letters because he wanted to sign a more bipartisan document. The first letter, dated June 17, was signed by 22 Republicans, including Texas' two U.S. senators, Kay Bailey Hutchison and John Cornyn.

That letter urges the EPA to reconsider the permitting action taken in May and refrain from further actions to take over other operating permits in Texas. Delaying a solution

could cost industry money, stall the creation of jobs and cause higher prices for fuel and electricity, congressional leaders added.

The second letter, dated June 24, asked that EPA officials consider delaying their final decision for 90 days to provide companies with sufficient time to prepare for any modifications that may be imposed. Helfert said he wasn't able to get Ortiz in time to sign this letter, which included the signatures of six Democratic House representatives.

"They were trying to move quickly, I guess," Helfert said. "By the time I got a hold of (Ortiz), they had submitted the letter. It has become a very political issue, especially within the (Texas) governor's race. It's not for us to get involved in the details, but we are trying to help resolve the matter and prevent further disagreement. We're confident it can be resolved."



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Opponents urge state to deny Las Brisas permit

Las Brisas decision may be Wednesday

By Denise Malan

Originally published 06:13 p.m., June 28, 2010

Updated 04:14 a.m., June 29, 2010

CORPUS CHRISTI — Opponents of Las Brisas Energy Center are urging the state to deny the proposed power plant's air permit.

Several groups had a news conference Monday in advance of the Texas Commission on Environmental Quality's meeting Wednesday to discuss the permit. Two state administrative law judges have recommended denying the permit or sending it back to the state for more work.

Las Brisas officials have said they fixed the issues and are confident the permit will be issued.

Members of the Nueces County Medical Society, Clean Economy Coalition, Sierra Club and Public Citizen Texas spoke against the permit. Dr. Mary Dahlen Peterson, a local anesthesiologist, said she worries about children with asthma, people with other respiratory problems and the elderly.

"Any kind of environmental degradation should not occur when we already have these vulnerable populations," she said. "I don't think having a plant in the middle of a population center like this is what this community needs."

Las Brisas is a \$3 billion petroleum coke-fired power plant proposed on the Corpus Christi Inner Harbor. Its promise of jobs and millions in tax revenue has earned support from the Corpus Christi Chamber of Commerce and Hispanic Chamber of Commerce, workers unions and local governments.

Three local medical societies, the Clean Economy Coalition and national environmental groups oppose the plant, saying it will harm residents health and the economy by adding to local pollution.

The state administrative law judges oversaw a two-week hearing on the permit in November. They issued a recommendation in March saying Las Brisas "has failed to

meet its burden of proof on a number of required issues," including inadequate air modeling.

The air permit is one of several permits Las Brisas would need to operate. It also has applied for a wastewater permit from the Texas Commission on Environmental Quality and would need a federal operating permit from the Environmental Protection Agency.

IF YOU GO

WHAT: Las Brisas discussion and decision

WHEN: 1 p.m. Wednesday

WHERE: Texas Commission on Environmental Quality headquarters, 12100 Park 35 Circle, Building E, Room 201S, Austin

IF YOU CAN'T GO

Watch for updates on [Caller.com](http://www.caller.com)



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Relief well making fast progress

By MONICA HATCHER - Houston Chronicle

Web Posted: 06/30/2010 12:00 CDT

HOUSTON — BP's progress drilling a relief well may put it within striking range of the blown out Macondo well in as little as two weeks, independent analysts said Tuesday, stoking hopes that the devastating gulf oil spill could be stopped nearly a month earlier than anticipated.

While BP has not adjusted its early August timetable for completing the first of two relief wells boring toward the Macondo more than two miles beneath the Gulf of Mexico seabed, independent drilling engineers and some energy analysts said the company could be in a position to intercept the damaged well and begin the critical kill operation within 14 days.

"Two weeks might be reasonable," said Darryl Bourgoyne, director of the petroleum engineering research and technology transfer laboratory at Louisiana State University, though he added the company still has many steps to complete first.

Equity analysts with Pritchard Capital Partners were even more optimistic, saying in a note to investors Tuesday the relief well could reach its target in eight to 10 days, with the oil flow stopped relatively quickly afterwards.

BP said work on the wells has not been impeded by Hurricane Alex, now forecast to strike near the Texas-Mexico border tonight.

BP officials have reported brisk, hitch-free progress drilling the first relief well, which began May 2 and has drilled to a measured depth of 16,770 feet, according to BP's most recent report on Monday.

It is now being drilled vertically about 20 feet from the Macondo, which reaches a total depth of 18,000 feet, including 5,000 feet of gulf seawater. Measured depth is the total length of the well bore, including horizontal turns, and not its distance from the surface of the water.

The BP media office said Tuesday the company doesn't yet have an exact depth for the planned intersect, but BP senior vice president Kent Wells said in a technical briefing Monday that drilling was 900 feet away from its intended target.

Drilling the next length of well will be the most exacting and time-consuming, however, since drillers may have to take as many as 12 more ranging runs, in which electromagnetic tools are used to determine the Macondo's exact position, Wells said. Each of those runs could take a half day. Also, operators have to

6/30/2010


Relief well making fast progress

install a final section of well lining.

Often relief wells make one or more passes before hitting their target. Last year, for instance, a relief well attempting to intersect the blown out Montara well in the Timor sea off Australia bypassed the well four times before finally making contact.

Find this article at:

http://www.mysanantonio.com/livinggreensa/relief_well_making_fast_progress_97451964.html?showFullArticle=y

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Hurricane Alex new blow to U.S. oil spill efforts

8:26am EDT

By Kristen Hays

HOUSTON (Reuters) - The season's first Atlantic hurricane is disrupting cleanup of BP's massive oil spill in the Gulf of Mexico, delaying plans to boost containment capacity and threatening to push more oily water onshore.

The Gulf oil spill disaster has reached day 72, with environmental and economic costs to tourism, wildlife, fishing and other industries still mounting and the future of BP, the London-based energy giant, far from clear.

Local residents are braced for heavy rains and flooding from Alex, which strengthened into a hurricane late on Tuesday. The storm was on track to make landfall near the Texas-Mexico border late on Wednesday.

Obama administration officials continue to beat a path to the Gulf region, the latest being Vice President Joe Biden.

"We're not going to end this until everyone is made whole," Biden said in Pensacola, Florida, on Tuesday.

INTERNATIONAL HELP

With strong winds, waves as high as 12 feet and flooding rains on the way, controlled burns of oil on the ocean, flights spraying dispersant chemicals and booming operations are on hold for now, officials said.

The State Department said it would accept offers of help from a dozen countries and international agencies to contain and clean up the spill, including two high-speed skimmers and a fire containment boom from Japan.

Although Alex will not make a direct hit on oil platforms in the Gulf, the storm is potent enough that several companies have evacuated rigs. About a quarter of oil production and 9.4 percent of natural gas output in the Gulf of Mexico have been shut, U.S. officials said.

Work continued for the time being at the BP oil spill site, about 50 miles 80 km off the Louisiana coast -- siphoning crude oil to surface containment vessels, flaring natural gas and drilling two relief wells.

U.S. government officials estimate 35,000 to 60,000 barrels are gushing from the blown-out well each day. The current containment system can handle up to 28,000 barrels daily. The planned addition could raise that to 53,000 barrels.

BP SHARES SPIKE

BP's market capitalization has shrunk by about \$100 billion since its Deepwater Horizon drilling rig sank in 5,000 feet of water on April 22, two days after an explosion and fire killed 11 workers.

The company's shares have lost more than half their value, but have seen sporadic bargain-hunting on the way down. Its London-listed stock was up 6.7 percent at 323.20 pence on Wednesday, with traders citing renewed talk that it could encourage a bid from ExxonMobil.

BP's New York shares were also indicated to open higher.

The stock's slide since late April has frequently sparked speculation it could become a target for ExxonMobil or Royal Dutch Shell.

DESIGN OR IMPLEMENTATION?

BP has been criticized for cutting corners on aspects of the well design, while Anadarko Petroleum Corp, which owns 25 percent of the well, has distanced itself from the spill, saying it was not consulted about the practices and procedures used on the rig floor.

A spokesman for BP said on Wednesday that Anadarko had been given daily reports highlighting problems encountered with the well, the plans for its design, changes to the plans and the decision to use only six stabilizers when cementing



the well, a decision criticized by U.S. lawmakers last week.

"We kept Anardarko abreast of what was going on each morning," the spokesman said.

Anardarko was not available for comment, but a spokesman earlier told the Financial Times: "What we knew was that the design, the long string and use of centralizers all met industry standards if executed properly.

Many Gulf Coast businesses, meanwhile, are on the verge of buckling as summer tourists stay away.

Local authorities are also bracing for a mental health fallout. Louisiana officials have asked BP to pay \$10 million to help provide counseling to local residents.

A U.S. appeals court set July 8 for oral arguments on the Obama administration's request to stay a ruling that lifted its six-month moratorium on deepwater oil drilling.

A federal judge blocked it at the request of drilling companies, saying the suspension was too broad and arbitrary.

FLOODED ROADS

Swathes of southern Louisiana and Mississippi are under flood watches through late Wednesday. Coastal areas are also seeing unusually high tides.

Along the Mississippi coast, exasperated drivers were forced to take detours along some busy beach roads to avoid oily water splashing onshore.

Strong northern winds and high tides pushed tar balls and waves of dark brown mousse patties over several seawalls that line major beach roads.

"I have had enough. Now it is coming up on the roads. Next the oil will be in our homes. Just watch. This is (Hurricane) Katrina all over again, just worse," said Kelly Mills, an area resident.

On Louisiana's Bay Baptiste, whitecaps were visible in the distance as the outer bands of Alex began to move into the region. Several marshes were only partially boom-protected, with oil coating the bottom of reeds as crabs covered in crude scurried on nearby marsh islands.

A thin sheen of oil covered much of the bay's water.

"Because of the spill, any effect from the storm will be bad," said Michael Dardar, 48, of Raceland, Louisiana. "High waves will drag oil over and under the boom."

(Additional reporting by Cyntia Barrera Diaz in Mexico City, Ernest Scheyder in Bay Baptiste, Louisiana, Leigh Coleman in Ocean Springs, Mississippi; Joshua Schneyer and Ryan Vlastelica in New York; writing by [Ros Krasny](#); Editing by [Doina Chiacu](#) and Will Waterman)

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Special Report: BP oil spill a gusher for lawyers

8:36am EDT

By Jonathan Stempel

NEW YORK (Reuters) - From a legal perspective, BP's Deepwater Horizon blowout and the 1989 grounding of the Exxon Valdez are in many respects night and day.

"The Gulf is seen to be a systemic breakdown," said Zygmunt Plater, a professor at Boston College Law School and former chairman of the Alaska Oil Spill Commission's legal task force after the Valdez disaster. "It's not just one guy who had some drinks."

That was a reference to Joseph Hazelwood, the Valdez captain who admitted to drinking vodka before the spill. He was convicted of negligent discharge of oil, a misdemeanor, and sentenced to 1,000 hours of community service.

The closest analogues in the United States may be the litigation over asbestos, which analysts have estimated has cost between \$250 billion and \$300 billion, and tobacco, whose bill is hard to determine given the many pending cases.

But the Valdez disaster, which caused roughly 257,000 barrels, or 10.8 million gallons, to spill off the Alaska coast, does offer a glimpse into what analysts widely expect to be a grueling and extremely costly legal marathon for BP.

Litigation dragged on for two decades as Exxon Mobil Corp fought over punitive damages, saying the \$5 billion that an Alaska jury awarded in 1994 was excessive. A federal appeals court later cut that to \$2.5 billion, and in 2008 the U.S. Supreme Court slashed it to \$507.5 million.

Exxon's costs for the Valdez are now estimated at roughly \$4 billion. This includes more than \$2 billion for cleanup, a \$900 million civil penalty, a \$125 million criminal penalty, and just over \$1 billion for litigation with victims.

BP will surely pay more -- a lot more.

"We're looking at multibillion dollar criminal and civil penalties against BP, certainly record amounts under U.S. environmental laws," said David Uhlmann, a University of Michigan law professor and former chief of the U.S. Department of Justice's environmental crimes section.

BP may have helped itself by setting up a \$20 billion escrow fund for victims, under pressure from a frustrated White House. That is "the kind of post-incident conduct that the government wants to see," and could result in lower penalties later, Uhlmann said.

TOUGH ROAD AHEAD

But the legal road ahead remains arduous. As with the Valdez, experts say litigation could take up to 20 years, with the cost and negative publicity potentially bringing one of Britain's largest companies to its knees.

"This situation screams out for accountability," said Mary Wood, director of the environmental and natural resources law program at the University of Oregon. "We can't put a price tag on the liability until the damage ceases."

Guessing BP's ultimate liability for the worst oil spill in U.S. history has become something of a parlor game on both sides of the Atlantic.

The company said on June 28 it had spent \$2.65 billion so far on its response effort. With the first of two relief wells not expected to be ready until August, that total is certain to soar.

Cleanup costs are likely to be only a small fraction of what the oil giant ends up paying.

Analysts at Credit Suisse have said BP's cleanup and legal costs could reach \$37 billion. Goldman Sachs & Co analysts projected \$33 billion. Raymond James & Associates analysts, noting a "more plaintiff-friendly" U.S. legal system in environmental cases, projected \$62.9 billion, after taxes.

Topping them all is Plater who, noting the millions of people who live on or near the Gulf coast, said the total could even



reach \$90 billion.

BP spokesman, Mark Salt, said the company does not discuss litigation. BP has denied bankruptcy is an option.

TOP CHEF STIRS POT

BP's potential costs have several components: cleanup expenses, civil penalties that depend on the size of the spill, and litigation with investors, businesses and municipalities.

Criminal penalties are also possible, after Attorney General Eric Holder said on June 1 the Justice Department had opened a criminal and civil probe into BP's actions.

Already, lawsuits are pouring into courthouses almost as fast as tar balls are washing up onto beaches. More than 250 have been filed so far, and many seek class-action status.

At least six have been filed on behalf of investors. Some allege violations of federal racketeering laws for scheming to conceal the danger of the drilling operations, and even for interfering with the claims process to delay or avoid payouts.

The majority are intended to help the fishermen, charter boat captains, shippers, restaurants, resort operators and others who say their livelihoods have been damaged.

One, filed by award-winning New Orleans chef Susan Spicer, is on behalf of restaurants that say customers are staying away because of rising seafood prices, contamination fears and lower convention and tourism activity.

"They weren't even prepared for an accident. So now, they are totally making it up on the fly," said Scott Summy, a lawyer at Baron & Budd PC in Dallas who represents 18 fishermen and other plaintiffs against BP. "These acts play very well under various state common law theories, such as negligence or gross negligence, as well as federal statutes."

ON THE HOOK

Jeffrey Fisher, a Stanford Law School professor who represented fishermen and other Valdez spill victims before the U.S. Supreme Court in the Exxon case, said BP may try to limit the field of potential claimants.

"When you have a calamity like this that has so many secondary and tertiary effects, which seep into the economy and the well-being of local communities, the question is going to be where courts draw the line," he said.

"BP can argue it is only liable for hard economic losses, such as wages," Fisher went on. "That will be a huge battleground. For example, someone told me that beach communities are losing out on huge amounts of tourism revenue. Is BP on the hook for any of that? We don't know."

In 2009, BP generated more than \$27 billion of operating cash flow, and it ended March with \$105 billion of assets net of liabilities. This suggests a large capacity to withstand even tens of billions of dollars of spill costs.

Even so, "it's hard for me to imagine anyone can suffer losses in the tens of billions of dollars and not notice it," said Roger Marzulla, a partner at Marzulla Law LLC in Washington and former head of the Justice Department environment and natural resources division.

SEVERAL LAWS IN PLAY

The BP spill could run afoul of several federal laws.

The Oil Pollution Act of 1990 requires people seeking damages to contact the companies responsible for the spill to request compensation. Once they do, civil lawsuits can follow.

Under the same act, responsible companies must also pay up to \$1 billion for cleanup. It also caps liability to victims at \$75 million, though not if gross negligence, willful misconduct or certain safety violations are found. Some lawmakers want the cap retroactively increased to \$10 billion, or even abolished.

Another law is the Clean Water Act, which allows liability of \$1,100 per barrel spilled in waterways, but up to \$4,300 per barrel if gross negligence is proven.

If the amount of oil spilled in the Gulf matches that of the 1979 blowout of the Ixtoc offshore well operated by Mexico's Pemex -- previously North America's worst offshore spill -- liability under this act could reach \$15 billion.

Other laws are also at play. Among them is the Limitation of Liability Act of 1851, which the drill rig operator Transocean Ltd sought to invoke because it limits potential payouts by ship owners. Another is the Refuse Act, which prohibits the dumping of refuse into waterways.

Marzulla said BP could also face civil or criminal liability under three laws to protect wildlife. These are: the Endangered Species Act; the Migratory Bird Treaty Act covering roughly 836 species; and the Marine Mammal Protection Act covering dolphins and whales. Fines of \$15,000 to \$25,000 per violation are possible.

Uhlmann, meanwhile, said the Alternative Fines Act lets the government seek criminal penalties equal to twice the loss associated with the oil.

PROFIT VS. SAFETY

While it is impossible to believe BP wanted the spill to happen, investigators could argue that the company took shortcuts that made it inevitable.

"Your company conducted its planning as if an uncontrolled subsea blowout wasn't even a possibility," Florida

Representative Nancy Castor told BP Chief Executive Tony Hayward at a June 17 Congressional hearing. "Why weren't you prepared? Why did you elevate profits over safety?"

"I don't believe we did elevate profits over safety," Hayward responded.

BP's recent U.S. safety record, however, is hardly pristine.

Last year, it agreed to a \$50 million criminal penalty for violating the Clean Water Act in connection with a 2005 Texas City refinery fire that killed 15 workers. It has also pleaded guilty to a Clean Water Act violation over the 2006 release of roughly 212,000 gallons of oil in Alaska's Prudhoe Bay.

"One of the things the government is looking at in this tragedy is: Did BP and others shoot straight about conditions at the well site before the explosion occurred, and since the spill began?" said Uhlmann. "If the government concludes that BP intentionally misled it about construction at the site or the amount of oil gushing, it could bring obstruction of justice and false statement charges."

A criminal conviction under the Clean Water Act would cause BP to be shut out of government contracts for a period of time, a procedure known as debarment. The company could also be barred from such contracts upon the entering of civil judgments over environmental law violations.

BP has already faced partial bans on federal contracts because of past violations. For example, the company was ineligible for federally-funded contracts for services from the Texas and Prudhoe Bay facilities. Talks over those bans were halted after the Deepwater Horizon explosion.

THIS IS NOT ALASKA

Plater, the former chairman of the Alaska oil spill task force, said the 11 deaths caused by the BP explosion are likely to result in a finding of criminal liability.

He also noted that the size and location of the spill expose BP to far more costs than the Valdez did for Exxon. Plater said he would be "very surprised" if BP's costs stopped at \$25 billion to \$30 billion, and that the sum "could be two or three times that."

"This is not an attenuated 38,000 people on the coast of Alaska 4,000 miles away," he said. "Harms are likely to be larger, with a population more than 100 times greater in the impact zone and much larger economies and coastal ecosystems."

Michael Chalos, a partner at Chalos, O'Connor & Duffy LLP in Port Washington, New York who represented the Valdez captain Hazelwood, said criminal liability might turn on who at BP might have known of problems at the rig, and whether they had the capacity to fix them before the explosion.

"From a corporate standpoint, the lesson to be learned is what BP is doing," Chalos said. "They have stepped up and acknowledged responsibility and are trying to do the right thing. But every corporation has some limit to its ability to pay. How much can BP afford before it can't afford anymore?"

PAY CZAR

One variable may be how Kenneth Feinberg assesses and pays victims' claims as the administrator of BP's \$20 billion fund.

Feinberg has said claims can be filed over lost wages and profits, business interruption, personal injuries and death. He also said it is essential to "err on the side of the claimant" in dispersing emergency funds, even if that results in the fund being depleted faster.

"You've got to allow those payments to go out with less corroboration than you would if you're giving a lump-sum payment that is the total compensation," Feinberg told CNN on June 21. "We've got to ease the burden on these folks."

Feinberg previously oversaw the disbursement of money to victims of the September 11, 2001 attacks. To focus on BP, he will step down this summer as the U.S. Treasury Department's "pay czar" for companies getting government help.

Lawyers said a critical issue for BP is whether claimants seeking more than emergency compensation will be required to sign releases absolving the company from further liability. That could limit the scope of any litigation.

DRAWING LINES

Brian O'Neill, a partner at Faegre & Benson LLP in Minneapolis who won the \$5 billion punitive damage award against Exxon, said Feinberg may have some tough calls to make.

For example, he said one might easily conclude an operator of a beachfront hotel where oil has washed ashore could make a valid claim. But what of a beachfront hotel operator who has no oil damage, yet has suffered cancellations from customers worried that oil could come ashore? Or perhaps a hotel operator two miles inland who has no oil damage but has lost customers?

"How the administrator draws the lines as to who gets paid is the most interesting question right now," O'Neill said.

Chalos said getting a payout from the fund may be the best course for victims with smaller claims. Referring to Exxon victims, he said: "A lot of the people who had claims are no longer around, sadly. If you can get fairly compensated by working with BP, then you ought to go that route, if I were advising a claimant."

CONTRIBUTION

BP could also limit its liability under the legal concept of "contribution." Essentially a form of blame-shifting, this is where a responsible party like BP seeks to recover from other parties that may have had a hand in the disaster.

In his Congressional testimony, Hayward said the government had named four responsible parties: BP, Transocean, Anadarko Petroleum Corp and Mitsui & Co. BP owns a 65 percent stake in the well, while Anadarko controls 25 percent and Mitsui 10 percent.

Anadarko has a much smaller balance sheet than BP, and far less capacity to absorb big liabilities from the spill, which Chief Executive James Hackett said was "preventable" and resulted from BP's "reckless" conduct.

"We will be looking at our contractual remedies," he said in an June 18 interview. "We're focusing on the fact that there appears to be gross negligence and willful misconduct."

Lawyers said BP might also seek to recover from two other defendants: Cameron International Corp, which provided a blowout preventer, and Halliburton Co, in charge of cementing the oil well to stabilize its walls.

"Other parties besides BP may be responsible for costs and liabilities arising from the oil spill, and we expect those parties to live up to their obligations," Hayward said in a June 18 statement.

Contribution lawsuits may be BP's best hope to cap costs.

"The real fight will be between BP, Anadarko, Mitsui, Transocean and Halliburton," Uhlmann said. "Billions of dollars of liability are at stake, and the other companies are not going to want to help BP pay."

"REOPENER"

BP may also try to insist that any government settlements not carry onerous "reopener" provisions that allow regulators to seek additional payments for latent problems.

Exxon's \$900 million settlement in 1991 with Alaska and the United States had a four-year "reopener window" letting the governments claim as much as an additional \$100 million. A day before the window was to close on September 1, 2006, they demanded another \$92 million. They are still pursuing it.

In addition, BP may face battles over insurance. On May 21, for example, Lloyd's of London asked a federal court in Houston to disallow a possible \$700 million BP claim for coverage through a Transocean policy, saying the policy covers pollution originating only above land and water lines.

"Because liabilities BP faces for pollution emanating from BP's well are from below the surface and from BP's well, those liabilities are not within the scope of the additional insured protection," the complaint said.

ONE-TO-ONE

One area where BP may not face enormous costs is punitive damages. For that it can thank the Exxon litigation.

This is because the 2008 Supreme Court ruling in *Exxon Shipping Co v. Baker* that set punitive damages in the Valdez case at \$507.5 million, equal to the amount of compensatory damages, set a standard that may limit recoveries from BP.

"A penalty should be reasonably predictable in its severity," Justice David Souter wrote for a 5-3 majority. (The Court's ninth justice, Samuel Alito, recused himself because he owned Exxon stock.)

"Given the need to protect against the possibility (and the disruptive cost to the legal system) of awards that are unpredictable and unnecessary, either for deterrence or for measured retribution," Souter continued, "we consider that a 1:1 ratio, which is above the median award, is a fair upper limit" for punitive damages in maritime cases such as Exxon.

It is unclear where the Court might stand if it ever considers the BP spill. Souter retired last year. Justice John Paul Stevens, who dissented in *Exxon*, just completed his final term. Any litigation will likely take years to arrive. In the interim, lower courts are expected to follow the Exxon ruling.

GETTING AN IMPARTIAL JURY

Among the early battles will be over where to hear much of the litigation. Some judges have recused themselves from various spill lawsuits, presumably because of stock ownership.

BP wants lawsuits tried in Houston, closer to its offices and perhaps a friendlier environment. It has even requested that a specific federal judge be assigned: Lynn Hughes, an appointee of President Ronald Reagan.

According to the Almanac of the Federal Judiciary, which profiles judges based on unattributed comments from practicing lawyers, Hughes has "very good legal ability," and also can be skeptical of claims by civil plaintiffs and the government.

"He hates plaintiffs and he hates the government," one plaintiff's lawyer is quoted as saying.

"He is, by and large, a little on the defense side," said a civil defense lawyer, who then added: "You can change his mind, but you have to have the ammunition."

BP must also be careful to find juries capable of divorcing what they know and feel about the spill and can see on the news or web from the evidence presented to them.

"You can always get a jury," O'Neill said. "They got one in Alaska. It took four days."

The U.S. Judicial Panel on Multidistrict Litigation is expected to meet on July 29 in Boise, Idaho to consider how best to combine many of the overlapping lawsuits.

ASBESTOS, DRUG, TOBACCO PRECEDENTS

Wherever it takes place, litigation will be protracted, as it has been in other areas where damages are often unknowable for years.

Asbestos, for example, still generates litigation because while many companies had stopped using it for fireproofing and insulation by the mid-1970s, after-effects can take decades to surface. W.R. Grace & Co has spent nine years in bankruptcy court after asbestos prompted a Chapter 11 filing.

Drug litigation also can take years. For example, Wyeth, now owned by Pfizer Inc, ultimately set aside more than \$21 billion in a decade of litigation over the diet drug fen-phen, which was linked to heart valve damage.

And then there are cigarettes, where decades of litigation reached a peak in 2000 when a Florida jury ordered tobacco companies to pay \$145 billion in punitive damages to sick smokers. While the Florida Supreme Court later threw out that ruling, thousands of cases remain in the courts.

"We have examples in tobacco, asbestos and pharmaceuticals where funds are set up by third-party trustees," said Marzulla, the former Justice Department official.

"But those address one set of injuries," he went on. "Here, it is much more complicated. There is no formula for how much fishermen, resort owners, beachfront property owners or others who make their livings in the bayou will be paid."

Lawyers and analysts said a criminal penalty for BP could top the record \$1.3 billion that Pfizer agreed to pay last September, as part of a \$2.3 billion payout over marketing of the pain medicine Bextra.

"Could BP eventually get overwhelmed and go belly up? Sure, it happened to a lot of companies with asbestos exposure," the energy investment boutique Tudor Pickering Holt & Co wrote this month. "But only after losing a bunch of court battles."

"WE GO TO WAR OVER OIL"

O'Neill estimated that BP's costs could reach \$5 billion for cleanup, \$4 billion for natural resources damages, and \$10 billion in private lawsuits.

Shareholder lawsuits, on the other hand, are perhaps "not worth very much," given what he called the government's interest in keeping BP not only solvent but healthy.

"Oil is necessary to the country -- we go to war over oil -- so we don't want to put a major oil transactor out of business," he said. "The one thing that could screw it up for BP is if the administrator for the fund doesn't pay out money quickly. It will be a major disaster for both the (Obama) administration and BP, and keep this thing churning."

What if, however, damages did reach the \$90 billion that Plater suggested. Could BP handle that?

"No," Plater said, "but there could be contribution, and an attaching of assets. It could also teach someone about government. Mr. Reagan said the best government is the least government. In this case, we need government, but we need good government to avoid the collusive partnership our commission determined had made the Exxon Valdez incident inevitable."

The administration of President Barack Obama may also want to ensure that any settlement with BP positions the government well in future litigation, according to Wood from the University of Oregon.

"When a private company harms a public resource, like the ocean or beach, they are liable," she said. "Each fish, for example, gets a price tag. The crux is that the government is a trustee of public property that has been damaged. It has the absolute duty to make the people's trust whole again, and get the last penny out of BP in the form of damages."

What the government cannot do is restore the Gulf of Mexico to its pre-April 20 state, just as it could not restore the Alaskan waters and roughly 1,300 miles of coastline to where they were before anyone knew Exxon had a vessel called Valdez.

"The lesson of both of these things, not so much from a legal level, is that we're not able to respond to massive oil spills," Stanford Law's Fisher said. "The only solution is prevention. It's not response, and it's not legal action."

(Reporting by Jonathan Stempel; Additional reporting by [Lewis Krauskopf](#) in New York, [Tom Bergin](#) in Houston and [Jeremy Pelofsky](#) in Washington, D.C.; editing by Jim Impoco and [Claudia Parsons](#))

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BP shares jump as bid talk helps boost sentiment

7:43am EDT

LONDON (Reuters) - Shares in BP jumped 8 percent on Wednesday, helped by bid talk and optimism that the worst may be over for the stock as the company comes closer to halting the massive oil leak from its Gulf of Mexico well.

"BP is up on spill-over interest from the JPMorgan 'Fantasy M&A' note yesterday mentioning possible bids, but really it's just a squeeze after the falls," said a trader, referring to a research note which speculated Exxon Mobil could buy BP.

BP has lost \$100 billion in value since its Deepwater Horizon drilling rig sank on April 22.

In recent days BP has been flagging that a well being drilled to kill the leaking well is closing in on its target. Analysts have been saying for weeks that if BP halts the leak, this could lead to a rebound in the shares.

(Reporting by Atul Prakesh, Jon Hopkins and [Tom Bergin](#); Editing by Erica Billingham)

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Deepwater BP Oil Spill latest news and updates

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Deepwater BP Oil Spill latest news and updates

The Ongoing Administration-Wide Response to the Deepwater BP Oil Spill

Prepared by the Joint Information Center

UPDATED June 29, 2010 7 PM

** For a full timeline of the Administration-wide response, visit the [White House Blog](#).*

PAST 24 HOURS

Vice President Biden Travels to Gulf Coast to Assess Response Efforts

Vice President Joe Biden visited New Orleans and Pensacola, Fla., to survey the response efforts, visit with Gulf Coast residents impacted by the spill, and meet with area officials.

Biden visited the Unified Area Command to receive a briefing on response efforts and tour the facility. He was joined by National Incident Commander Admiral Thad Allen, Navy Secretary Ray Mabus, NOAA Administrator Dr. Jane Lubchenco, Federal On-Scene Coordinator Rear Admiral James Watson, Louisiana Governor Bobby Jindal and Congressman Anh “Joseph” Cao.

[**Slideshow: Florida oil spill protestors join hands in ‘Hands Across the Sand’ \(photos, videos\)**](#)

The Vice President also made a stop at Pomes Seafood, an eastern New Orleans seafood wholesaler, where he met with Gulf Coast residents impacted by the spill. Biden then traveled to Florida and visited the Naval Air Station Pensacola.

Secretary Salazar and Director Bromwich Hold Fifth Meeting with Oil and Gas Industry

Interior Secretary Ken Salazar and Michael Bromwich, Director of the Bureau of Ocean Energy Management, Regulation and Enforcement, yesterday met with officials from oil and gas companies to discuss issues relating to drilling on the Outer Continental Shelf, including safety reforms and a pause on deepwater drilling. This was the fifth meeting Salazar has hosted with oil and gas executives—part of continued efforts to engage industry leaders in the federal government’s response—to provide additional resources and expertise and to seek new, innovative measures to plug the leak, minimize its impact and protect shorelines.

[**Oiled dolphin found near Florida’s Fort Pickens dies \(video\)**](#)

White House Hosts Conference Call with Native American Tribes on BP Oil Spill

The White House yesterday hosted the first in a series of weekly conference calls with representatives of Native American tribes

to discuss their concerns about the BP oil spill—including both federally-recognized and non-federally recognized tribes. On the call, federal representatives answered questions and provided information about the ongoing response and available assistance.

[Slideshow: SeaWorld treats sea turtles as preparations for oil spill turtles at IMMS begin \(photos\)](#)

Dozens of Additional Brown Pelicans Are Released Back to the Wild

For the second time in three days, personnel from the Fish and Wildlife Service and Coast Guard, released more than 70 rehabilitated brown pelicans back to the wild from the USCG station in Brunswick, Ga.—the first pelican airlift to the Georgia Coast. On Sunday, 72 rehabilitated brown pelicans were released at Aransas National Wildlife Refuge in Texas.

Wildlife rescue and recovery crews continue to survey affected areas using hundreds of personnel and dozens of vessels, as well as numerous airboats and helicopters. These missions are conducted routinely as well as under guidance of tips received via the Wildlife Hotline. To report oiled wildlife, call (866) 557-1401.

U.S. Fish and Wildlife Service resource advisors continue to work with BP cleanup crews in parks and refuges. To date, nearly 1000 personnel from the Department of the Interior's Fish and Wildlife Service, National Park Service, U.S. Geological Survey and Bureau of Ocean Energy Management, Regulation and Enforcement have been deployed as part of the response.

[Slideshow: Florida oil spill update two counties close beaches, health advisories issued \(photos\)](#)

EPA Continues to Conduct Air, Water and Sediment Monitoring in the Gulf.

The latest EPA air monitoring for ozone and airborne particulate matter, conducted through June 27, has found levels of ozone and particulates ranging from the “good” to “unhealthy for sensitive groups” levels on EPA’s Air Quality Index. People with heart or lung disease, older adults, and children should reduce prolonged or heavy exertion. For more information on EPA’s air, water and sediment monitoring results, click [here](#).

Federal and Local Officials Hold Joint Open House Meeting in Iberia Parish

As part of continued efforts to inform Louisiana residents on the BP oil spill response and available assistance, representatives from the Coast Guard, Fish and Wildlife Service, EPA, and state and local governments held their sixth joint open house meeting in Iberia Parish in New Iberia, La.

Experts from the various agencies participating in the BP oil spill response were on hand to discuss a variety of topics with Parish residents—including the claims process, volunteer and contracting opportunities, environmental quality, worker safety and the various tools, equipment and strategies being used in the response. Previous meetings were held in Cameron Parish, St. Bernard Parish, Jefferson Parish, St. Mary’s Parish and Orleans Parish.

BP Continues to Optimize Oil Recovery Rates from its Leaking Well

Under the direction of the federal government, BP continues to capture some oil and burn gas at the surface using its containment dome technique—collecting oil aboard the *Discoverer Enterprise*, which is linked by a fixed riser pipe to the wellhead, and flaring off additional oil and gas on the *Q4000*, which is connected to the choke line. The collection capacity is expected to increase to an estimated 53,000 barrels once the third vessel, the *Helix Producer*, arrives on scene—a redundancy measure also taken under the direction of the federal government.

Progress Continues in Drilling Relief Wells; Ranging Process Continues

The *Development Driller III* continues to drill the first relief well to a depth of approximately 16,900 feet. The *Development Driller II* has drilled the second relief well—a redundancy measure taken at the direction of the administration—to a depth of more than 12,000 feet below the Gulf surface. BP continues the “ranging” process—which involves periodically withdrawing the drill pipe and sending an electrical signal down to determine how close they are getting to the wellbore.

Approved SBA Economic Injury Assistance Loans Top \$8.4 Million

SBA has approved 126 economic injury assistance loans to date, totaling more than \$8.4 million for small businesses in the Gulf Coast impacted by the BP oil spill. Additionally, the agency has granted deferments on 523 existing SBA disaster loans in the region, totaling more than \$2.6 million per month in payments. For information on assistance loans for affected businesses, visit the SBA’s Web site at www.sba.gov/services/disasterassistance, call (800) 659-2955 (800-877-8339 for the hearing impaired), or email disastercustomerservice@sba.gov.

Administration Continues to Oversee BP's Claims Process; \$130 Million Disbursed

The administration will continue to hold the responsible parties accountable for repairing the damage, and repaying Americans who've suffered a financial loss as a result of the BP oil spill. To date, 85,060 claims have been opened, from which more than \$130 million have been disbursed. No claims have been denied to date. There are 952 claims adjusters on the ground. To file a claim, visit www.bp.com/claims or call BP's helpline at 1-800-440-0858. Those who have already pursued the BP claims process and are not satisfied with BP's resolution can call the Coast Guard at (800) 280-7118. Additional information about the BP claims process and all available avenues of assistance can be found at www.disasterassistance.gov.

By the Numbers to Date:

- The administration has authorized the deployment of 17,500 National Guard troops from Gulf Coast states to respond to this crisis; currently, 1,675 are active.
- Approximately 38,900 personnel are currently responding to protect the shoreline and wildlife and cleanup vital coastlines.
- More than 6,800 vessels are currently responding on site, including skimmers, tugs, barges, and recovery vessels to assist in containment and cleanup efforts—in addition to dozens of aircraft, remotely operated vehicles, and multiple mobile offshore drilling units.
- Approximately 2.75 million feet of containment boom and 4.89 million feet of sorbent boom have been deployed to contain the spill—and approximately 884,000 feet of containment boom and 2.05 million feet of sorbent boom are available.
- More than 28.2 million gallons of an oil-water mix have been recovered.
- Approximately 1.6 million gallons of total dispersant have been applied—1.03 million on the surface and 565,000 sub-sea. More than 491,000 gallons are available.
- 275 controlled burns have been conducted, efficiently removing a total of approximately 10 million gallons of oil from the open water in an effort to protect shoreline and wildlife. Because calculations on the volume of oil burned can take more than 48 hours, the reported total volume may not reflect the most recent controlled burns.
- 17 staging areas are in place to protect sensitive shorelines.
- Approximately 413 miles of Gulf Coast shoreline is currently oiled—approximately 259 miles in Louisiana, 48 miles in Mississippi, 47 miles in Alabama, and 59 miles in Florida.
- Approximately 80,228 square miles of Gulf of Mexico federal waters remain closed to fishing in order to balance economic and public health concerns. More than 66 percent remains open. Details can be found at <http://sero.nmfs.noaa.gov/>.
- To date, the administration has leveraged assets and skills from numerous foreign countries and international organizations as part of this historic, all-hands-on-deck response, including Canada, France, Germany, Japan, Mexico, Netherlands, Norway, the United Nations' International Maritime Organization and the European Union's Monitoring and Information Centre.

** The extent of shoreline oiling reported for Louisiana has been modified to be consistent with shoreline survey reports from the other Gulf States. The change in the numbers is a reporting issue rather than new oiling. Shoreline impacts vary greatly along the coast – both in degree of impact and type of environment (e.g. beach or marsh), and some reports to date have focused only on the heaviest oiled areas planned for immediate response. These reports will now include all degrees of oiling and will be consistent between states.*

These numbers continue to reflect a daily snapshot of shoreline currently experiencing impacts from oil so that planning and field operations can more quickly respond to new impacts; they do not include cumulative impacts to date, or shoreline that has already been cleared.

Resources:

- For information about the response effort, visit www.deepwaterhorizonresponse.com.

- For specific information about the federal-wide response, visit <http://www.whitehouse.gov/deepwater-bp-oil-spill>
- To contact the Deepwater Horizon Joint Information Center, call (713) 323-1670.
- To volunteer, or to report oiled shoreline, call (866) 448-5816. Volunteer opportunities can also be found [here](#).
- To submit your vessel as a vessel of opportunity skimming system, or to submit alternative response technology, services, or products, call 281-366-5511.
- To report oiled wildlife, call (866) 557-1401.
- For information about validated environmental air and water sampling results, visit www.epa.gov/bpspill.
- For National Park Service updates about potential park closures, resources at risk, and NPS actions to protect vital park space and wildlife, visit <http://www.nps.gov/aboutus/oil-spill-response.htm>.
- For Fish and Wildlife Service updates about response along the Gulf Coast and the status of national wildlife refuges, visit <http://www.fws.gov/home/dhoilspill/>.
- For daily updates on fishing closures, visit <http://sero.nmfs.noaa.gov>.
- For information on assistance loans for affected businesses, visit the SBA's Web site at www.sba.gov/services/disasterassistance, call (800) 659-2955 (800-877-8339 for the hearing impaired), or email disastercustomerservice@sba.gov.
- To file a claim with BP, visit www.bp.com/claims or call BP's helpline at (800) 440-0858. A BP fact sheet with additional information is available [here](#). Those who have already pursued the BP claims process and are not satisfied with BP's resolution, can call the Coast Guard at (800) 280-7118. More information about what types of damages are eligible for compensation under the Oil Pollution Act as well as guidance on procedures to seek that compensation can be found [here](#).
- In addition, www.disasterassistance.gov has been enhanced to provide a one-stop shop for information on how to file a claim with BP and access additional assistance—available in English and Spanish.
- Any members of the press who encounter response personnel restricting their access or violating the [media access policy](#) set forth by Admiral Allen should contact the Joint Information Center. Click [here](#) for more information, including a list of regular embed opportunities.

For information about the response effort, visit www.deepwaterhorizonresponse.com.

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The Miami Herald

Posted on Wed, Jun. 30, 2010

Gulf of Mexico sea turtles may be burning with oil, groups plan to sue BP

BY CURTIS MORGAN

cmorgan@MiamiHerald.com



Carolyn Cole / MCT

Fires burn around the site of the BP Deepwater Horizon rig site in the Gulf of Mexico.

Crews working to burn oil off the Gulf of Mexico before it reaches shore may be burning something else as well: Sea turtles trapped in the slicks.

Two environmental groups on Tuesday filed formal notice of their intention to sue BP, the Coast Guard and a string of federal agencies involved in the cleanup. They contend the practice of corraling and torching oil at sea was being conducted without first adequately checking for turtles and likely claiming hundreds of them, including endangered Kemp's ridleys.

Turtle researchers and rescue crews admit they haven't recovered charred remains or witnessed turtle deaths. But they said BP's burn crews target oil clumped with huge mats of floating seaweed called sargassum that attract turtles and a host of other sea life -- sometimes in the same weed lines from which they've just pulled dozens of turtles.

"It's the most inhumane thing I have ever heard, to light that oil when there are some things out there trying to escape it," said Carole Allen, Gulf director of Turtle Island Restoration Network. The Texas group filed the 60-day notice to sue under the Endangered Species Act along with the Center for Biological Diversity, based in San Francisco.

BP spokesman Toby Odone said the company could not comment on any threatened litigation. But he said after the concerns surfaced earlier this month, the company and federal response agencies agreed to "embed" an independent biologist to assess any potential impacts on sea turtles and suggest steps to reduce them.

"It's not absolutely clear if there is a risk to turtles," Odone said, but "when this issue was raised, the response was to evaluate to see if it was a problem."

Odone said he did not know what results that evaluation may have produced. He said rough seas from Tropical Storm Alex had at least temporarily postponed burning.

The first reports of turtles in burn zones came from a Louisiana fishing captain, Mike Ellis, who was hired to rescue sea turtles. In an interview posted on the Internet, he said the boats

hired by BP were corralling oil in fire-proof booms and igniting it before surveying for sea turtles.

Todd Steiner, Turtle Island Restoration's executive director, said rescue crews and researchers haven't been able to document turtle deaths only because they're not allowed near the fires. At the least, the groups are asking BP to allow teams to survey slicks before starting any fires.

Through Monday, the U.S. Fish and Wildlife Service had recovered 436 dead sea turtles from the coastline and four on the water. An additional 147 have been recovered alive, including 101 on the water.

Steiner said there is no way to tell how many turtles might have been burned alive but with the Kemp's ridley nesting season wrapping up along the Mexico and Texas coasts, thousands of breeding adults are in the Gulf working their way toward feeding grounds in the Atlantic, along with still more juveniles. Tens of thousands of hatchlings also will soon begin pouring into the Gulf from the Kemp's ridley main nesting grounds in Mexico.

Steiner said the same currents and winds that steer seaweed, fish and sea turtles through the Gulf also act on the slick, pushing poisonous oil into the same place where sea life gathers. Rescue crews pulling turtles out had watched crews burn the same drifting weed lines, which can stretch for miles, where they had been finding turtles.

“It's not a theory,” he said. “That's where they are. We know this.”

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THIS STORY HAS BEEN FORMATTED FOR EASY PRINTING

Spill emerges as campaign issue across the nation *The Boston Globe*

By Susan Milligan, Globe Staff | June 30, 2010

WASHINGTON — The BP oil disaster has seeped into congressional campaigns in states far from the Gulf Coast, as voters and candidates clash over the future of energy exploration and the relationship between government and the industries it regulates.

In some districts and states, the spill has reignited a debate over oil drilling and other energy issues, with candidates weighing local job creation against environmental protection. In other areas, the Tea Party movement's push against big government is being parried by Democrats, who see in the oil-soaked pelicans and grieving families of 11 dead workers from the oil blast justification for stricter oversight.

In New Hampshire, Democratic Senate candidate Paul Hodes has declared he will never vote to lift the ban on drilling off the shores of the Granite State, challenging his would-be opponents in the GOP primary to take the same pledge.

In Pennsylvania, the oil spill has escalated a campaign fight over natural gas drilling in the western part of the state, with the Democratic and Republican Senate foes battling over whether, and how, to extract the gas.

California Democratic Senator Barbara Boxer is demanding a permanent ban on drilling off the state's much-visited coastline; her opponent, Republican Carly Fiorina, says the disaster should not be used to kill off an industry that provides jobs.

And in Massachusetts, Representative James McGovern, a Democrat from Worcester campaigning for reelection, is asked repeatedly about the Gulf Coast spill by constituents — some of them against big government, some of them against oil drilling, all of them angry.

"I get people who tell you they want government out of their lives, and then want to know why the government isn't doing more," McGovern said about the administration's response to the spill. "One of them said, 'You should send the Marines there.' I said, 'To do what — shoot it?'"

President Obama is struggling to win support for a comprehensive climate change bill that would, among other things, make industry pay for emitting carbon, a greenhouse gas. Several Republican senators, emerging from a bipartisan White House meeting on the issue yesterday, said they opposed such an "energy tax," but Democrats, led by Massachusetts Senator John F. Kerry, are hopeful they can get a compromise.

"We are prepared to scale back the reach of our legislation in order to find [a] compromise," Kerry said, adding that removing the carbon price entirely was not acceptable.

The lack of a consensus on a comprehensive approach to climate change has removed that environmental issue from the campaign trail. The oil spill and its damage, however, have uniformly horrified lawmakers and their constituents, and candidates are focusing on the more tangible aspects of the disaster as they woo voters.

The gulf area's politicians are largely in synch on the issue, opposing Obama's six-month moratorium on deepwater drilling while denouncing the lack of preparedness by BP and the federal government to a disaster of such magnitude. The leak has gravely damaged several coastal habitats, along with decimating the tourist and fishing industries. Yet officials there fear a massive loss of jobs related to energy production if the moratorium — which is now in the courts — stands.

Outside the region, however, the debate is falling largely along party lines. Democrats are gleefully reminding

voters of Texas GOP Representative Joe Barton's apology to BP for the administration's "shakedown" of the British oil company for a \$20 billion damages fund, trying to paint GOP candidates across the country as tied to big business and special interests.

Republicans, meanwhile, accuse the Democrats of unwarranted intervention and killing jobs at a time when millions of Americans are out of work.

Pennsylvania Senate candidate Pat Toomey, for example, is slamming Democratic nominee Joe Sestak for his hesitation to drill for natural gas in the state's western region, urging a balancing of pollution protections with thousands of jobs. Sestak countered that the state needs to first make sure the drinking water is protected. "It's not about big government. It's about efficient, accountable government," he said.

"You can't imagine a clearer, more vivid and accurate and relevant real-world example of the Democratic Party's year-in-and-year-out core message — that we're on the side of average folks and Republicans are on the side of huge, heartless corporations and their greedy and inept CEOs," said Jim Jordan, a Democratic consultant.

Whether voters will buy that argument, diminishing what are expected to be big losses for the Democrats in this fall's congressional elections, is not clear.

Polling last week by the Pew Research Center showed that 39 percent of Americans approve of Obama's handling of the oil spill. An April Pew study showed just 22 percent of those surveyed said they can trust the government in Washington most of the time.

But at the same time, voters are angry with BP's behavior and are demanding more government regulation. A Wall Street Journal-NBC poll last week revealed that 65 percent of Americans want more regulation of the oil industry, and majorities want regulation of Wall Street and health insurers.

The volatile numbers present candidates with a conundrum: bash big government or big business?

"It's a roll of the dice," said Michael Franc, a specialist on Congress and campaigns at the conservative Heritage Foundation. "We're in an environment of an almost unprecedented level of distrust of government, and the private sector itself has reached an historic low in confidence. Which distrust trumps the other?"

While the oil spill itself is not expected to be a defining issue in campaigns outside the Gulf Coast, underlying questions are getting traction. Representative Michele Bachmann, Republican of Minnesota, for example, is appealing to antigovernment Tea Party activists by calling the \$20 billion fund BP was pressured to set up for spill victims "a redistribution of wealth fund."

In the New Hampshire race, Hodes said Granite Staters are worried the oil could travel up the Atlantic coast or that drilling be opened off New England.

"I want my voice to be loud and clear, that if anybody tries to lift the ban [on drilling] off the New England coast, I intend to stand in the way," Hodes said.

One of his potential opponents, GOP candidate Ovide Lamontagne, said Obama has handled the spill poorly. "People have rightfully lost faith in an inefficient, bloated federal government that is focused on bailouts, handouts, and takeovers, and not on doing the people's business," Lamontagne said in a statement.

Former state attorney general Kelly Ayotte said the drilling issue should be left to the states. "If New Hampshire says no to exploration for oil and gas off the coast, then we shouldn't have it," Ayotte said. ■



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June 29, 2010

Spill Is Election Issue Far Beyond Gulf

By **DAMIEN CAVE**

MIAMI — Candidates from coast to coast — and many states in between — are redirecting their campaigns in an emotional, frantic effort to turn the [oil spill](#) to political advantage.

Democrats and Republicans fighting for Senate seats in the Midwest are portraying oil company contributions as a stain as ugly as the rusty sludge on Southern beaches. Candidates for governor from Massachusetts to Florida now stump for novel ideas to plug the hole (why not air bags?) and to clean up the mess (hair, hay, bacteria?), while in Washington, each party insists that the spill will help it in November.

In the minds of politicians and strategists, the oil has practically become a giant ink blot, a Rorschach test in which each of the opposing sides sees proof of “the larger narrative.”

Republicans say the spill is a lesson in incompetence: the Obama administration has fumbled, they argue, highlighting government’s failure not just with the oil, but also with the economy, the deficit, health care and war.

Democrats in turn see the spill as a consequence of Republican ties to Big Oil and deregulation. “This is emblematic of the Republican philosophy,” said Senator [Robert Menendez](#) of New Jersey, who leads the Democratic Senatorial Campaign Committee.

Each side seems determined to channel public outrage over the Gulf of Mexico spill into local issues and larger ideologies. Already, the spill has become a potent subject in at least a dozen states, including some far removed from the disaster’s immediate effects.

In Michigan’s First Congressional District, for example, Gary McDowell, a Democrat, is

campaigning for a permanent state ban on drilling in the Great Lakes. Though federal and state law already prohibits such drilling (Canada has 513 natural [gas wells](#) in Lake Erie), Mr. McDowell has [argued](#) that without greater protection, “Michigan’s waters could become the next victim of a tragic oil spill disaster like the one caused by BP.”

Farther south, in the Kentucky Senate contest, [Rand Paul](#), the Republican nominee and Tea Party favorite, has run into trouble for the opposite extreme: Democrats and some Republicans have scolded him for calling [President Obama](#)’s criticism of BP “un-American.”

Meanwhile, oil company ties — however thin — have become pressure points for both parties. In Illinois, the Democratic Senate candidate, [Alexi Giannoulis](#), has come under fire because an unpaid adviser once lobbied in Chicago for the arm of BP that builds gas stations.

In the Pennsylvania Senate race, Representative [Joe Sestak](#), the Democrat, is accusing his Republican opponent, [Pat Toomey](#), of putting “Big Oil ahead of the American people” after [receiving](#) \$96,050 from the oil and gas industry since 1989. (Or roughly one-sixth of what Mr. Toomey has received from retirees.)

And, surprisingly, some of the most forceful television advertisements about the spill are appearing not in Louisiana but in Missouri. Secretary of State Robin Carnahan, a Democrat in a close race for the [United States Senate](#), has combined horror-movie sound effects, oil spill video and a few comments from her Republican opponent, Representative [Roy Blunt](#), in an advertisement that accuses him of supporting a “Big Oil bailout.”

[Factcheck.org](#) found the claim to be false, but the argument against Big Oil is now standard; the story line is also playing out in California, Pennsylvania, Texas and wherever else energy industry influence can be found.

Still, the spill is most clearly transforming races in and around the Gulf of Mexico. In Florida and other states that regularly deal with [hurricanes](#), voters put a premium on disaster response. Emotion matters almost as much as policy, and candidates are scrambling to stand out.

Gov. [Charlie Crist](#) of Florida has gained more than most with a high-profile platform at a perfect time, soon after he abandoned the [Republican Party](#) to run as an independent for the United States Senate.

Mr. Crist has shown up repeatedly at Pensacola Beach, in short sleeves, with and without Mr. Obama, often with his hands on his hips and outrage in his voice.

[Marco Rubio](#), now the lone Republican candidate, is still a strong opponent for Mr. Crist, along with the eventual Democratic nominee, either [Kendrick B. Meek](#), a South Florida congressman, or Jeff Greene, a self-financed real estate mogul. Both Democrats have demanded billions from BP for cleanup.

But the spill has put Mr. Rubio on defense. He has repeatedly had to explain his support for drilling off the coast of Florida — a position now at odds with most Floridians, according to a recent [Quinnipiac poll](#) that showed a significant rise in opposition to drilling.

The spill may also realign Florida's governor race. A month ago, Attorney General [Bill McCollum](#) seemed nearly nonexistent in his run for the Republican nomination. His self-financed primary opponent, Rick Scott, a former hospital chain executive, had been hammering him from the right, on [immigration](#) and other issues. Mr. Scott has [outspent](#) Mr. McCollum 16 to 1 on television advertisements, and become the front-runner.

Since the spill, however, Mr. McCollum's campaign has been more energized. The attorney general has used his position as attorney general to dispatch a handful of officials to help Florida businesses with their legal claims against BP.

Mr. McCollum has also appeared several times in the Panhandle. At one point, at a news conference with a local Republican congressman, he held up a glass jar of brown, slimy tar.

"I'm frustrated," Mr. McCollum said in an interview, asking why the Obama administration had not hired a Florida company offering oil-eating microbes, or why every available boat was not being used for cleanup.

"The overall impact is going to continue for a long time," Mr. McCollum said.

Mr. Scott, the only candidate for governor who [supports drilling](#) for oil off Florida's coast, declined requests for interviews.

He seems to be betting that Floridians will hand him a victory on the basis of his outsider status and his demand for stricter enforcement of immigration laws.

The spill and the response to it have also been a central focus for Alex Sink, the Democratic candidate for the Florida governorship. Ms. Sink, currently the state's chief financial officer, has used the toxic mess to channel her inner, angry populist. When a BP executive appeared before her and other members of the Florida cabinet on June 8, she told him that the claims process was moving far too slowly.

"I don't think speed is in your vocabulary," Ms. Sink said.

All of these candidates have nearly bumped into one another on Florida's soiled beaches. One local columnist, Howard Troxler of The St. Petersburg Times, even [fashioned](#) a satirical shoving match among politicians competing for attention along the oil-soiled coast.

Many politicians have expressed outrage over the spill, but a Senate candidate, Representative Charlie Melancon, Democrat of Louisiana, has also shed tears, when lamenting in a Congressional subcommittee hearing that "everything I know and love is at risk." (A [YouTube clip](#) has been viewed more than 53,000 times.)

Mr. Melancon's Republican opponent, Senator [David Vitter](#), who is seeking a second term, has responded by [claiming, incorrectly](#), that Mr. Melancon supports the moratorium on drilling that has cost Louisiana thousands of jobs.

More of this dramatic back and forth is likely to emerge.

"This is going to be used as the driving issue that defines the difference between Republicans and Democrats," Senator Menendez said.

[Thomas M. Davis III](#), a former congressman from Virginia who led the National Republican Congressional Committee from 1998 to 2002, put it more simply: "Politicians love to jump in front of a parade."



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Expert sees big mental health effects from BP spill

Tue, Jun 29 2010

By Michael Peltier

PENSACOLA BEACH, FLA (Reuters) - The mental health impacts of the BP oil spill will dwarf those encountered after the last major oil spill off U.S. shores, a sociologist who studied the Exxon Valdez spill told Florida volunteers on Tuesday.

University of South Alabama researcher Steve Picou said the effects of the spill will far overshadow the negative effects experienced by 30,000 Alaska residents after the Exxon tanker dumped millions of gallons (liters) of crude into Prince William Sound in 1989.

Twenty years after that disaster, a "significant minority" of those residents continue to suffer the mental health consequences and Picou said the BP spill will affect far more people in communities along the Gulf of Mexico.

"What we're looking at here ... it boggles my mind," Picou said. "Because you're talking about hundreds and hundreds of communities and you're talking about millions of people."

The economic and ecological costs to tourism, wildlife, fishing and other industries continue to mount for four states along the U.S. Gulf coast after Deepwater Horizon drilling rig sunk in 5,000 feet of water on April 22, two days after an explosion and fire killed 11 workers.

Louisiana officials on Monday asked BP to pay \$10 million to help provide mental health services, the second time the state has requested funds to pay for counseling and other psychological services.

Unlike a natural disaster, which generally has a definable beginning and an end, the BP spill is ongoing after 71 days and most of the effects will remain unknown for some time, Picou told Florida volunteers. Such an extended period of uncertainty leads to depression, marital discord and substance abuse as people isolate themselves from other members of the community.

DAMAGES UNFOLDING

"The important point is that no one can be rescued because it continues," Picou said. "You cannot take an inventory of damages because the damages are unfolding."

While the hotel business isn't horrible, the frenetic pace that usually begins Memorial Day weekend and continues through August is noticeably absent in the Florida Panhandle beach communities.

Charter boat operators and commercial fishermen have been more immediately affected, their livelihoods having been idled by the oil spewing from the blown well more than 100 miles away.

Food stamp applications are up nearly 20 percent in the past 60 days along the Panhandle region. Unemployment is also up in the region, surpassing a statewide rate of nearly 12 percent.

Florida social services officials say they are already seeing increases in domestic abuse, child neglect and the other social maladies that come when money is tight and the future unclear.

"These people are scared, they're worried, they're frustrated," Phil Wieczynski, a Florida environmental official, said after a recent visit with 400 residents from the coastal city of Port St. Joe.

"They see what's going on and we need to do whatever we can to assure them that steps are going to be taken to address issues and protect their way of life."

Volunteers were urged on Tuesday to coordinate their activities to be able to successfully respond to long-term effects.

"This is going to burn out any individual group," said Doug Zimmerman, president and CEO of VisionLink, a company that offers software for disaster recovery and volunteer management.

US accepts international assistance for Gulf spill

By TOM BREEN (AP) – 11 hours ago

NEW ORLEANS — The United States is accepting help from 12 countries and international organizations in dealing with the massive oil spill in the Gulf of Mexico, the State Department said Tuesday.

The State Department said in a news release that the U.S. is working out the particulars of the help that's been accepted.

More than 30 countries and international organizations have offered to help with the spill. The U.S. hasn't made a final decision on most of the offers.

The United States rarely faces a disaster of such magnitude that it requires international aid, but the government did accept assistance after Hurricane Katrina.

Most of the countries and groups have offered skimmers, boom or dispersant chemicals, according to a chart on the State Department's website.

"To be clear, the acceptance of international assistance we announced today did not mean to imply that international help was arriving only now," said State Department spokesman P.J. Crowley. "In fact, before today, there were 24 foreign vessels operating in the region and nine countries had provided boom, skimmers and other assistance."

He said as early as May 11, boom arrived from Mexico, Norway and Brazil.

The chart indicated offers have been accepted from six countries — Canada, Mexico, Croatia, Holland, Norway and Japan. Offers also were accepted from two groups — the International Maritime Organization and the Monitoring and Information Center, which is operated by the European Commission.

The two organizations are offering technical assistance. Mexico, Norway, Holland and Japan are providing skimmers; Canada is providing containment boom; and Croatia is pitching in with technical advice.

Only one offer has been rejected, according to the chart. Dispersant chemicals offered by France are not approved for use in the U.S.

The chart did not list the other four countries or groups from which the U.S. has accepted help.

The State Department referred calls to the Unified Area Command Joint Information Center in Louisiana, which didn't immediately have more information available Tuesday night.

Almost all the countries and groups expect to be paid for their help, although the technical coordination from the two international groups and some containment boom offered by Mexico are free.

Associated Press Writer Matthew Lee in Washington, D.C., contributed to this report.

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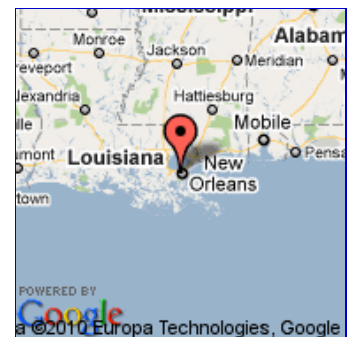
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msnbc.com staff and news service reports
updated 6/29/2010 1:05:25 PM ET

NEW ORLEANS — BP and the Coast Guard sent oil-scooping skimming ships in the Gulf of Mexico back to shore Tuesday because nasty weather from Tropical Storm Alex churned up rough seas and powerful winds.

U.S. Coast Guard Lt. Dave French said all efforts had been halted for now off the Louisiana coast. Efforts also had been halted off the coasts of Florida, Alabama and Louisiana.

The loss of skimming work combined with 25 mph gusts driving water into the coast has left beaches especially vulnerable.

In Alabama, the normally white beaches were streaked with long lines of oil, and tar balls collected on the sand. One swath of beach 40 feet wide was stained brown and mottled with globs of oil matted together.

Although Tropical Storm Alex was projected to stay well away from the spill zone before possibly making landfall as a hurricane over Mexico, its outer edges were causing problems out in the Gulf.

Waves were as high as 12 feet Tuesday in some parts of the Gulf.

The surging waves and nasty weather make skimming work unsafe and ineffective, and also can mangle oil-soaking boom.

The Coast Guard had to evacuate workers and equipment from coastal areas in Terrebonne Parish because of tidal surges that could cause flooding, French said.

The only vessels left in the water are being used to capture or burn oil and gas leaking from the well and to drill relief wells that officials say are the best hope for stopping the leak for good.

Ten boats that had been removing oil from the coast of Alabama sought shelter in the protected waters of Mobile Bay or Perdido Bay, and a flotilla of vessels that had been trying to prevent oil from entering the pass into Perdido Bay were gone. In Mississippi, four skimmers were riding out the storm beside Petit Bois Island.

Cleanup crews fought the winds and showers with empty bags blowing across the sand occasionally and the tops of canvas shelters flapping in the breeze.

Also Tuesday, the Obama administration said that BP had met its July 1 deadline to pay the federal government for the initial costs of responding to the Gulf oil spill, and Vice President Joe Biden arrived in New Orleans for a briefing on cleanup efforts.

BP paid two bills totaling about \$71 million earlier this month, the administration said. The government had set a Thursday deadline for the largest of the two bills, which charged the company \$69 million.

The oil company is still reviewing and processing a third bill for \$51.4 million. The White House has long said that as the responsible party, BP must pay all costs associated with the response to the spill.

Biden, meanwhile, is the latest administration official to visit the Gulf, responding to criticism that President Barack Obama responded too slowly to the crisis.

Louisiana Gov. Bobby Jindal welcomed Biden at New Orleans' airport, having earlier said he would press Biden to step up the federal response to the spill.

this like the war that it is."

He also called on the Army Corps of Engineers to issue permits allowing Grand Isle Mayor David Camardelle to build rock dams blocking oil from five passes into Caminada Bay, a vital fishery.

Polls have given Obama low marks for his handling of the disaster, although not as low as those given to BP.

As crude oil and dispersants float on the surface of the Gulf, crews are battling to keep filth off beaches and away from wildlife breeding grounds.

[Rough weather created by Tropical Storm Alex](#) would be just the latest blow to the hard-hit region.

Parts of the Louisiana shoreline are under a coastal flood watch through Wednesday evening. High tides could be two to three feet above normal in some locations.

Skippers and deckhands at the public marina in Pointe-a-la-Hache, Louisiana, said they were worried about what impact the water's already high level will have if Alex pushes foul weather toward them.

"If a storm comes with the tide, then it's going to be an issue," said Robert Whittington, who has worked at the marina for 20 years. "We're just waiting to see what happens."

In Ocean Springs, Mississippi, residents angry about BP's slow spill clean-up took it upon themselves to pick up tar balls making landfall. After waiting hours for cleanup crews, young children and their parents began digging up large patches of the oil with sand toys and shovels.

"That is all we had to use and we were not going to sit around and wait for BP to pick this mess up. It is our home," said area resident Marty Wagoner.

The Associated Press and Reuters contributed to this report.

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Jun 29, 12:53 PM EDT

APNewsBreak: BP giving financial help to stations

By [HARRY R. WEBER](#)

AP Business Writer

HOUSTON (AP) -- Oil giant BP PLC is floating a financial lifeline to the owners, operators and suppliers of the gas stations around America that bear its name and have been struggling because of boycotts prompted by the Gulf spill.

The head of a trade group that represents distributors of BP gasoline in the U.S. told The Associated Press on Tuesday that the company is informing outlets that they will be getting cash in their pockets, reductions in credit card fees and help with more national advertising.

The cash component will be based on distributors' volume and will be higher for outlets along the Gulf Coast than for those elsewhere in the country, said John Kleine of the BP Amoco Marketers Association.

"They are going to get a check," Kleine said. "They're being given these dollars for use in their business."

He estimates the total package BP is offering at roughly \$50 million to \$70 million.

Some BP-branded gas stations have reported sales declines of 10 percent to 40 percent from Florida to Illinois since the April 20 rig explosion in the Gulf of Mexico.

BP owns just a fraction of the more than 11,000 stations across the U.S. that sell its fuel under the BP, Amoco and ARCO banners. Most are owned by local businessmen whose primary connection to the oil company is the logo and a contract to buy gasoline.

Distributors would still be free to sue BP and seek compensation from the \$20 billion compensation fund if they choose, Kleine said.

BP spokesman Scott Dean confirmed in an e-mail to the AP that the package includes volume allowances and reductions in credit card fees that merchants pay when customers

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An interactive look at the business impact of the oil spill.



A look at the environmental impact of the Gulf oil spill.



Tracking the Gulf Oil Spill



Oil Spill Poll



A federal judges ruling that struck down a

use their credit cards to buy gasoline and items in station stores.

"Teams of BP staff are also being deployed to help these independent businesspeople activate consumer loyalty programs at their sites to help retain consumers and to educate them on BP's response plan in the Gulf of Mexico," Dean said. "BP will continue to evaluate the programs and offers as the situation and environment evolves."

Dean added that BP is rolling out a marketing and advertising package that includes "Locally Owned, Locally Operated" media and marketing support such as point of purchase signage, radio, flyers, posters and postcards.

As to the compensation fund, BP spokeswoman Debra Reed said previously that the overseer of the fund has stated that anyone is welcome to file a claim.

Whether or not it is valid is up to the administrator.

Kleine said the 475 BP distributors in the U.S., many of whom own or operate BP-branded gas stations, were being notified directly by the company. Calls began Monday and would likely continue through Wednesday, Kleine said.

The cash will be used by the distributors how they see fit, according to Kleine, who said the money could result in discounts to consumers at BP-branded pumps. Some distributors may use the money to bolster their bottom lines, which have been affected because of the boycotts.

"There's a lot of variance in terms of the business effect of this incident," Kleine said. "To try to manage this nationally, it's just too big of an elephant. They recognized that the people that have the best knowledge and can apply the resources best are the local distributors."

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Producers Tap Old Wells in Search of Oil

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Jun 29, 10:02 AM EDT

La. parish president is face of anger over spill

By **HOLBROOK MOHR**
Associated Press Writer

BELLE CHASSE, La. (AP) -- Billy Nungesser, a rotund and feisty millionaire-turned-politician from Louisiana's bayou, hasn't been afraid of taking on everyone from big oil to big government since crude started washing up on his coast.

The blunt-spoken president of oil-soaked Plaquemines Parish has been the voice of thousands of coastal residents, his sometimes unpolished demeanor capturing their angst. His voice has often echoed across the Gulf louder than bigger power players - Gov. Bobby Jindal, Sen. Mary Landrieu and Sen. David Vitter among them.

When the National Oceanic and Atmospheric Administration missed the mark predicting where oil from the massive Gulf of Mexico spill would go, he didn't hide his anger. The agency "should know when a snail farts with all the crap they have in Washington," he bellowed.

Nungesser, 51, has said the federal government's point man, Coast Guard Adm. Thad Allen, isn't the right man for cleaning up the massive oil spill in the Gulf of Mexico. He suggested President Barack Obama scrap the team he has working on the mess set off by a drilling rig explosion April 20.

And BP PLC chief executive Tony Hayward was "lucky he got out of here alive" when he came to Louisiana and denied large oil plumes were lurking beneath the Gulf, he said.

He's criticized the response from BP and the federal government as being too slow, and testified during a congressional hearing: "I have spent more time fighting the officials of BP and the Coast Guard than fighting the oil."

It's a message that has resonated across the region.



AP Photo/Patrick Semansky

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♦ Parish President Takes Lead on Oil Crisis

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"He has been one of the true local government leaders. He's articulated in true Louisiana fashion the concerns of his constituents to BP and the federal government," said Escambia County, Fla., Commissioner Gene Valentino.



Mike Strohmeyer, the owner of Lighthouse Lodge in Venice, La., called Nungesser a "political fisherman."

"He's up before the sun comes up and he's working when the sun goes down," Strohmeyer said. "He's like the Energizer bunny."

The White House and Allen's spokesman declined to comment about Nungesser, but it's clear their partnership has been testy.

The day after Nungesser called for Allen's ouster, the admiral showed up at Myrtle Grove Marina in Plaquemines. Nungesser was not there; his staff said he was sick.

Indeed, history shows disasters can strain relationships and make or break a leader.

Mississippi Gov. Haley Barbour was praised for his leadership after Hurricane Katrina struck in August 2005, but Louisiana Gov. Kathleen Blanco was seen as ineffective and didn't seek a second term.

Plaquemines, a sliver of delta dirt near the mouth of the Mississippi River south of New Orleans, is neither well-known nor well-populated.

It's a place where families of fishermen live next door to oil patch workers. It's also where the BP oil first made landfall.

Nungesser, a Republican who built his fortune in the oil service industry, has little to lose in his dust-ups with spill bureaucrats. He could retire quietly to his sprawling mansion, or devote time to a horsemanship program he founded for physically and mentally challenged people.

He does have critics, though, like Rocky Ditcharo. The shrimp dock owner from Buras was concerned that Nungesser is part-owner of a marina used as a staging area for oil response workers.

He knows Myrtle Grove Marina may be the closest point from which workers can get to the oil and has open spaces for staging equipment. That doesn't matter to him.

"BP's got to realize that you can't give a contract to an elected official," Ditcharo said.

Other Plaquemines residents don't see it that way.

Bob Boudet, 67, said no other local marina could accommodate such a large operation.

"It was a no-brainer," Boudet said.

Nungesser said he had no knowledge of the deal because his financial interests are in a blind trust. All he said he's asked BP for is "to prevent the oil from killing our marsh."

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Your Questions Answered



♦ Ask AP: Oil spill gas prices, Fort Hood shooting

Interactives



Producers Tap Old Wells in Search of Oil

Long before running for office, Nungesser made money in offshore catering after a couple of semesters at Louisiana State University and the University of New Orleans.

He hit it big in the 1990s when he started a company to convert metal shipping containers into living quarters for offshore workers. General Marine Leasing Co. reached \$20 million in annual sales before Nungesser sold his stake and made millions.

Politics also is in his blood. Nungesser's father was chief of staff for former Louisiana Gov. David Treen in the 1980s. The younger Nungesser's office is adorned with pictures of him and former presidents Ronald Reagan, George H.W. Bush and George W. Bush.

Nungesser won election in 2006 in Katrina-shattered Plaquemines. He said the aftermath of the storm was embarrassing, and some parish leaders fled, leaving residents to fend for themselves.

Although he may seek re-election and says some political leaders want him to run for lieutenant governor, the spill consumes him for now. Yet he maintains a sense of humor about it.

His wedding has been put on hold by several disasters, beginning with hurricanes, Nungesser said. A reporter recently asked him if God was trying to tell him something about the engagement.

"Maybe," Nungesser said.

The day Nungesser's fiancée saw the article, there was a bowl of dog food with a fork in it waiting for him on the dinner table.

"I told him he was in the doghouse," said Cher Taffaro, though she says it was all in fun.

"That's the thing about him, he makes everybody laugh," Taffaro said. "He wakes up in the morning happy, singing in the bathroom."

Associated Press writer Melissa Nelson in Pensacola, Fla., contributed to this story.

(This version corrects that Vitter is a senator.)

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Cash Business In Gulf Makes Compensation Difficult

by YUKI NOGUCHI



Enlarge

Dave Martin/AP

Shrimp boats sit in the Pass Christian Harbor in Pass Christian, Miss. Many fishermen, seafood buyers and others in the Gulf operate with cash, which may cause problems when they cannot present the documents needed to receive government compensation.

June 29, 2010

text size **A A A**

Cash is king in the Gulf fishing industry. And many fishermen and residents say a large, if unquantifiable, amount of the Gulf Coast's economy operates with cash. It's a segment of the economy that, for generations, has been kept in the shadows of the Internal Revenue Service.

That's a sore subject now. Since the oil spill began, many of the fishermen haven't been able to work. And they want to collect payment from the \$20 billion compensation fund BP set up.

'A Cash Business'

Bobby Barnett is a veteran fisherman in Pass Christian in southern Mississippi. The waters there are mostly closed for fishing. But normally, Barnett

would be catching oysters and shrimp, and selling them at the dock.

Some of that income is in documents. But "we sell a lot of cash — cash shrimp," Barnett says.

Danny Lee is a representative of [Boat People SOS](#), a Vietnamese-American community group that, along with other similar nonprofits, offers free legal advice for fishermen in Biloxi, Miss.

"Basically it's a cash business, and they don't keep track of how much they're selling," Lee said. "But the big concern is they don't know how they can come up with the proper documentation to show they have a certain income."

Not paying taxes is, of course, illegal. But St. Bernard Parish President Craig Taffaro says it would be unfair to penalize the fishermen now for past misdeeds.

Taffaro, who was at a recent open house for parish residents in Chalmette, La., would like to see Washington implement a tax amnesty program for oil spill victims who've been operating under the table.

He says it would be an opportunity for people who haven't declared their income to collect payment in exchange for coming clean.

"You get in the game — you get financially compensated for your losses," Taffaro says. "But now you're in the

I don't think there's a solution. I think the senators and representatives want to

system, and now you're going to have to live by all the tax codes that everyone else lives by."

No Solution

Chad Lauga, a political director for a Louisiana chapter of the AFL-CIO, says the cash ecosystem extends far beyond just the fishermen and shrimpers. Seafood buyers at the docks, for example, offer more per pound if they can pay fishermen with cash.

**help their constituents,
but I think their
constituents are behind
the eight ball here.**

*- Chad Lauga, a political director
for a Louisiana AFL-CIO chapter*

"So if [the dock buyer is] avoiding his taxes by paying this shrimper with cash, and the shrimper [is] saying, 'Man, I'm getting more money for my product if I take cash' — Well, I mean, it's a no-brainer what everybody's going to do," Lauga says.

That's not all, Lauga says. Many lawn workers and boat repair people are also mostly paid in cash and therefore don't get 1099 tax forms in the mail at the end of the year.

As a taxpaying citizen himself, Lauga says he doesn't think skirting taxes is right. But he also doesn't want to see his friends and neighbors go to financial ruin because they can't collect from BP. Lauga has talked to members of the Louisiana Legislature about this, but he is not encouraged.

"I don't think there's a solution," he says. "I think the senators and representatives want to help their constituents, but I think their constituents are behind the eight ball here."

[Kenneth Feinberg](#), who now runs the independent, \$20 billion oil spill compensation fund, says that by law, he cannot offer amnesty himself to those who can't document their income.

"If Congress wants to modify the tax law to provide for such payment, that's fine with me," Feinberg says. "I just have to make sure the facility is complying with all applicable laws."

Until now, all the compensation checks have been for initial, emergency payment, with only minimal documentation required. And so far, Feinberg says he hasn't fielded requests for compensation from people with undocumented cash income. As the fund starts to focus more on longer term compensation, he says, that might change.

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Court to hear deepwater drilling ban appeal July 8

(AP) – 13 minutes ago

NEW ORLEANS — A federal appeals court in New Orleans will hear the government's appeal of a ruling overturning the deepwater drilling ban in the Gulf of Mexico on July 8.

The six-month moratorium was ordered in late May by the Barack Obama's administration after the Deepwater Horizon disaster. A group of offshore petroleum service companies sued, saying the government had not justified the widespread ban. They also said the moratorium would inflict long-term economic damage.

U.S. District Judge Martin Feldman agreed with the companies and barred enforcement on June 23.

The clerk's office at the 5th U.S. Circuit Court of Appeals said the court has not yet decided whether the case will be heard by a single judge or a three-judge panel.

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Gulf Coast tourism officials plead for help

By Bart Jansen, Gannett Washington Bureau

WASHINGTON — A \$500 million marketing campaign will be necessary to combat public perceptions about the [Gulf of Mexico](#) oil spill that could ripple for years, tourism officials told congressional staffers Tuesday.

Such a campaign over the next 18 months could help avert economic catastrophe for 1 million Gulf Coast workers who depend on tourism, the officials from [Florida](#), [Louisiana](#) and the U.S. Travel Association told more than 100 staffers. They said they would have specific legislative requests for assistance within a month.

'WIPE OUT': [Oil spill takes toll on tourism](#)

MASTER OF MEDIATION: [Feinberg at helm of oil fund](#)

IMAGES: [Disaster in photos](#)

Money for the campaign would come from the \$20 billion fund BP has pledged to finance to cover economic damages from the oil spill. The money will be distributed by a panel that will operate independently of BP and the federal government.

"The impact that you could have would be such that you would save the jobs and lives of tens of thousands of people who are absolutely, unequivocally going to lose them over the next year," said Stephen Perry, president of the New Orleans Metropolitan Convention and Visitors Bureau. "This is something that's coming as surely as the oil is flowing east."

The tourism officials said the marketing campaign could help avoid the kind of lasting economic damage that followed the [Exxon Valdez oil spill](#) and Hurricane Katrina.

"We're all terrified," said Rep. [Allen Boyd](#), D-Florida, who introduced the speakers at Tuesday's briefing. "We're scared to death."

BP quickly offered to provide \$70 million for travel marketing in four Gulf states, with \$25 million for Florida and \$15 million each for Alabama, Mississippi and Louisiana. Of the 1 million workers affected by the oil spill, 757,000 are in Florida, the tourism officials said.

The industry group Visit Florida started advertising "Our coast is clear" immediately after the Deepwater Horizon oil rig operated by BP exploded on April 20. Tar balls began washing up in Pensacola on June 4.

FULL COVERAGE: [The latest on the oil spill](#)

MAP: [Track the spill's spread](#)

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[Chris Thompson](#), president of Visit Florida, said tourism was down 20% in June, and July and August look bleak.

Visit Florida's website (www.visitflorida.com) posts time-stamped photos and video from tourists showing pristine Pensacola beaches unaffected by oil.

"It's perception versus reality," Thompson said. "Right now, as I speak today, none of our beaches are closed and there are no swimming advisories."

The road to recovery can be long. New Orleans has climbed back to 85% of the tourism it enjoyed before Hurricane Katrina in 2005, but tourism there is suffering now because of the spill, Perry said.

The problem isn't just losing this year's visitors. A medical group meeting last week to plan a 2015 conference — with 15,000 visitors at stake — voiced concerns about New Orleans.

"It's a long-term impact," Perry said.

Tom Dow, former president of the Alaska Visitor Association, said the 1989 Exxon Valdez disaster still conjures bad images.

"It's very easy to point and click and go someplace else nowadays," Dow said.

Congress also may decide to finance efforts to rescue tourism on the Gulf Coast. After Katrina, New Orleans's tourism industry received \$29 million in federal Community Development Block Grants, which usually pay for sidewalks and building repairs, Perry said.

"It's critical that substantially more marketing dollars be provided to assist towns and cities and states to minimize future economic impact," said Thompson of Visit Florida.

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http://www.usatoday.com/money/industries/travel/2010-06-29-gulf-coast-tourism_N.htm

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Trade group: BP to give cash to distributors of its gasoline due to lost sales from boycotts

By: HARRY R. WEBER
Associated Press
06/29/10 12:10 PM EDT

HOUSTON — Oil giant BP PLC is floating a financial lifeline to the owners, operators and suppliers of the gas stations around America that bear its name and have been struggling because of boycotts prompted by the Gulf spill.

The head of a trade group that represents distributors of BP gasoline in the U.S. tells The Associated Press that the company is in the process of informing outlets that they will be getting cash in their pockets, reductions in credit card fees and help with more national advertising.

John Kleine of the BP Amoco Marketers Association says the cash component will be based on distributors' volume and will be more for outlets in the Gulf than for those elsewhere in the country.

He estimates the total package BP is offering at roughly \$50 million to \$70 million.

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Jun 29, 2010

Storm Alex is slowing oil cleanup as Biden visits Gulf

09:28 AM

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Updated 3:10 p.m.

As Vice President Biden visits the Gulf coast today, Tropical Storm Alex is complicating cleanup of the worst oil spill in U.S. history.

BP and the Coast Guard sent oil-scooping skimming ships in the Gulf of Mexico back to shore Tuesday, because the storm was creating rough seas and powerful winds, [reports](#) the Associated Press.

U.S. Coast Guard Lt. Dave French said all efforts had been halted off the Louisiana coast, according to the AP, which says efforts have also stopped off the coasts of Florida, Alabama and Mississippi.



CAPTION

By Gerald Herbert, AP

Although Tropical Storm Alex is projected to stay away from the spill zone, its outer edges are causing waves as high as 12 feet in some parts of the Gulf that made skimming work unsafe and ineffective, the story says.

The vice president arrived in New Orleans Tuesday morning for a briefing with Coast Guard Admiral Thad Allen, who's in charge of the federal response to the oil spill, before continuing his trip to the Florida panhandle. It's his first trip to the region since the spill began April 20.

BP, which manages the Deepwater Horizon oil rig that exploded and caused the spill, said it hopes to install a new oil-capturing system by next week that could be disconnected and reconnected quickly should a hurricane threaten, AP reports.

The current containment system is capturing nearly 1 million gallons per day from the Macondo well, which government estimates say is leaking as much as 2.5 million gallons a day.

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CAPTION

By Joe Raedle, Getty Images

Previous [Obama funds research into algae-based biofuels](#)

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New York Fed probes Wall Street exposure to BP: sources

Mon, Jun 28 2010

By [Joshua Schneyer](#) and [Kristina Cooke](#)

NEW YORK (Reuters) - The Federal Reserve Bank of New York has been probing major financial firms' exposure to BP Plc to ensure that if the oil giant buckles under the costs of the Gulf oil spill, it won't put Wall Street or the global financial system at risk, according to two sources familiar with the matter.

After poring over documents and asking banks about their exposure to BP over the past two weeks, the Fed found no systemic risk, and hasn't asked firms to alter their credit relationships with BP, the sources told Reuters.

"The Fed gave banks' exposure to BP a passing grade," said one of the sources on condition of anonymity.

Beyond BP's survival prospects, the Fed examination underscores market uncertainty about how the spill's staggering clean-up bill might affect Wall Street, a fragile economic recovery, or the multitrillion dollar energy market.

BP until recently had stellar credit ratings and generated \$30 billion of cash from its oil and gas production and trading over the last year, making it a golden counterparty for many financial firms that trade in energy, including the largest Wall Street banks.

Since April, when it began trying to plug an oil spill that has spewed up to 60,000 barrels a day into the U.S. Gulf, the company has lost \$100 billion in stock market value and suffered several credit downgrades.

The soaring liability risk raised concern in banking circles that the company's financial woes could spread outside BP, prompting the Fed's examination.

Should the unexpected happen, and BP file for bankruptcy, the economic stakes are huge, potentially affecting the portfolios of some of the world's top banks and funds, not to mention up to 23,000 American jobs, the price of oil, and the easy credit that banks give to big oil companies.

Fed and BP officials declined comment. Banks that trade with BP wouldn't comment publicly.

OIL MAJOR ON FED RADAR

Looking at credit relationships is a routine part of the Fed's role. But exposure to oil majors has rarely been on the Fed's radar, sources said, since the companies control huge physical assets and produce cash commodities.

After being subject to harsh criticism for regulatory lapses in the run-up to the financial crisis, the Fed has worked to expand its policing of system-wide financial risk.

The examination came as some banks that trade with BP ran their own models to gauge losses if BP eventually fails to meet credit obligations.

"We would be fine," said one London-based banker, whose bank buys credit default swap (CDS) protection before it enters any long-term swaps with BP.

The cost of those swaps have surged ten-fold since late April, lifting the price BP must pay to trade with the bank.

Other BP trading partners have already restricted the duration of trades they do with the firm, whose portfolio gives it the largest footprint in energy markets among oil majors.

Bank of America Merrill Lynch ordered oil traders to limit the time frame of oil trades with BP to one year. Last week, a firm that trades multi-year electricity swaps with BP followed suit, telling traders to cut back swaps to one year, a source told Reuters.



CNBC reported on Monday that Credit Suisse has cut the threshold for BP to pay margin when it trades with the bank. Traders from three U.S. oil refiners said they have not changed trading terms with BP, but are considering it.

BP appears to have reduced its speculative oil trading, focusing instead on managing its own physical positions, two European traders said.

Unlike more conservative peers, such as Exxon Mobil, BP is deeply entwined in most energy trading markets, both for hedging purposes and as a speculator, and its books included billions of dollars in swaps on less-regulated over-the-counter markets.

BP's annual trading profits have sometimes run into the billions, analysts said.

But BP's golden trading pedigree is now losing some luster as counterparties size up the firm's spill costs.

The company has said it does not expect trouble meeting obligations, touting its ability to raise cash and credit even as it contends with the spill.

"As we recently told investors, over the last four quarters we've generated \$30 billion of cash flow," said BP spokesman Toby Odone.

BP told investors it held over \$15 billion in available cash and credit on June 16. BP has since increased both by "quite a bit," a source close to BP said.

The company also cut dividend payments to preserve cash.

SPILL BILL

Market concerns persist in spite of BP's efforts. Central to them -- and to the Fed examination -- is what might happen if BP can't bear an escalating spill bill, which may be rising by \$250 million every day if the U.S. government seeks the maximum fines for polluters.

"Everyone whose firm does business with BP will be looking closely at the risks now," said Dominick Chirichella, a senior partner at New York-based Energy Management Institute.

"They have a lot of cash, but if they go into Chapter 11 then it's just a mess to collect anything."

BP has spent \$2.4 billion in the clean-up effort, and set aside \$20 billion to pay off claims against it, which total 74,000 so far.

Under the Clean Water Act, the U.S. may seek fines up to \$4,300 per barrel of oil spilled into Federal waters.

Fitch Ratings recently downgraded BP's credit rating by six notches to just above junk grade. Standard & Poor's and Moody's also cut BP's ratings, which measure the likelihood of BP defaulting on debt.

The ratings also affect the way companies trade. BP's own guidelines say the oil giant may ask counterparties whose ratings are cut for higher margin or collateral. BP's limits its exposure to junk-rated counterparties to 20 percent.

BP reported having \$7.82 billion in derivative assets in its "held for trading" portfolio at the end of 2009, including swaps, with natural gas as its biggest position.

BP reported \$5.92 billion in fair value "for trading" liabilities on its books at the time.

(Additional reporting by [Robert Campbell](#) in Mexico City, [Ikuko Kurahone](#) in London, and [Elinor Comlay](#) in New York; Editing by Marguerita Choy)

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THE WALL STREET JOURNAL.

WSJ.com

JUNE 29, 2010

As CEO Hayward Remade BP, Safety, Cost Drives Clashed

By GUY CHAZAN, BENOIT FAUCON and BEN CASSELMAN



Associated Press

BP's Texas City, Texas refinery, shown after a fire in 2004, was the site of a deadly explosion in 2005.

Early on June 5, 2008, a piece of steel tubing ruptured on BP PLC's vast Atlantis oil platform in the Gulf of Mexico. The tubing was attached to a defective pipeline pump that BP had put off repairing, in what an internal report later described as "the context of a tight cost budget."

The rupture caused a minor spill, just 193 barrels of oil, but BP investigators identified bigger concerns.

They found the deferred repair was a "critical factor" in the incident, but "leadership did not clearly question" the safety impact of the delay. The budget for Atlantis—one of BP's most sophisticated facilities—was "underestimated," resulting in "conflicting directions/demands."

As investigators were questioning Atlantis' lean operation, top executives were praising it.

In an internal communication in early 2009, Neil Shaw, then-head of BP's Gulf of Mexico unit, lauded Atlantis' operating efficiency, saying it was "4% better than plan" in its first year of production. It was part of a success story that Mr. Shaw said had enabled BP to become the No. 1 oil producer in the Gulf.

Report Card

U.S. refinery OSHA citations,
June 2007-February 2010

■ BP ■ Other refineries

Egregious willful citations

BP: 760 of 761

Willful citations

BP: 69 of 91

Serious citations

BP: 30 of 1,551

Other citations

BP: 3 of 259

Source: Center for Public Integrity

The budget squeeze on one of the British oil giant's most challenging projects underscores a tension at the heart of BP under Chief Executive Officer [Tony Hayward](#).

Until the April 20 explosion of the Deepwater Horizon oil rig in the Gulf, Mr. Hayward

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THE WALL STREET JOURNAL.

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repeatedly said he was slaying two dragons at once: safety lapses that led to major accidents, including a deadly 2005 Texas refinery explosion; and bloated costs that left BP lagging rivals [Royal Dutch Shell PLC](#) and [Exxon Mobil Corp.](#)

A Wall Street Journal examination of internal BP documents, legal filings, official investigations and reports by federal inspectors, as well as interviews with regulators, shows a record that doesn't always match Mr. Hayward's reports of safety improvements.

Since Mr. Hayward took over, BP has continued to spar with regulators over the same issues that got it into trouble before his tenure as CEO. Some of its refineries still get poor marks for safety. And four years after one of Alaska's worst oil spills, BP's pipelines there have continued to leak.

"They claim to be very much focused on safety, I think sincerely," says Jordan Barab, deputy assistant secretary at the Occupational Safety and Health Administration. "But somehow their sincerity and their programs don't always get translated well into the refinery floor."

BP insists it has turned a page on safety. "BP's absolute No. 1 priority is safe and reliable operations," said spokesman Andrew Gowers. In the past five years, "significant effort and investment" have been devoted to improving safety, he said, and great progress has been made on all important metrics, with reduced injury frequency and fewer incidents involving equipment breakdowns.



Associated Press

A BP worker collects oil in Prudhoe Bay, Alaska, site of a 2006 spill

Savings have been achieved through "reduced corporate overheads and a simpler corporate structure," he said, not by economizing on safety. Indeed, extra dollars and staff have flowed into operations.

On Atlantis specifically, BP said it identified a problem with vibration in certain pumps but decided it "was not in itself a cause for safety or environmental concern," and deferred repairing some pumps until the following budget year. "

Mr. Hayward took the helm in May 2007, saying he would focus "like a laser" on safety and simultaneously improve BP's operations.

In October 2007, he created a management system designed to enforce safety standards consistently across the organization.

Obstacles soon emerged. A 2007 internal document setting out the safety policy spoke of an industry shortage of engineers and inspectors that could endanger plans to implement new standards for inspecting and maintaining critical equipment. An internal presentation in May 2009 cited a shortage of experienced offshore workers and said more training was required to "maintain safe, reliable and efficient operations."

The same month he revamped the safety structure, Mr. Hayward said he would streamline BP. An internal presentation to staff showed how problems such as less efficient operations had created a "growing gap between us and Shell."

Over the next three years, Mr. Hayward shed 7,500 jobs and pruned costs—\$4 billion in 2009 alone. Buoyed by soaring oil prices, BP made record profits of \$25.6 billion in 2008. BP soon rivaled Shell as Europe's most valuable oil company.

Mr. Hayward sought to move beyond BP's troubled past. In October 2007, the company agreed to pay \$373 million to settle charges

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arising from the Texas City blast, oil spills in Alaska and allegations that BP traders manipulated the propane market.

BP went on to invest more than \$1 billion upgrading the Texas City refinery. Earlier this year, it said its recordable injury rate there had declined every year since 2005, and that the refinery's 2009 safety performance ranked among the industry's leaders.

But OSHA, the federal overseer of workplace safety, tells a different story.

After a six-month inspection of the Texas City refinery last year, OSHA hit BP with an \$87 million fine, the biggest in the agency's history. About \$57 million of what OSHA describes as "failures to abate" hazards similar to those that caused the 2005 explosion, which killed 15 people. BP has contested the fines and says it is now in "constructive" discussions with OSHA.

The agency had inspected a refinery in Toledo, Ohio, which BP now jointly owns with [Husky Energy](#), in 2006, uncovering problems with pressure-relief valves. It ordered BP to fix the valves. Two years later, inspectors found BP had carried out requested repairs, but only on the specific valves OSHA had cited. The agency found exactly the same deficiency elsewhere in the refinery. OSHA ordered more fixes and imposed a \$3 million fine.

"There was clear knowledge of these problems ... and yet they hadn't been addressed" in other parts of the refinery, said Mr. Barab.

BP's Mr. Gowers said BP has "worked cooperatively with OSHA" to resolve problems at the refinery. BP said when OSHA imposed the fine that the Toledo refinery had made "measurable improvement in matters of process safety."

OSHA's Mr. Barab says because of BP's safety record, the agency scrutinized it more closely than other refiners and imposed tougher penalties because it deserved "a bit more attention on refinery safety than anyone else."

Thousands of miles to the northwest, BP was addressing safety issues on its Alaska pipelines. A corroded conduit sprang a large leak in 2006, fouling the tundra.

By the end of 2008, BP had invested \$500 million to replace 16 miles of oil-transit lines at Prudhoe Bay, scene of the spill, and install a new leak-detection system.

But BP has continued to experience leaks. Last year, a civil filing by the state against BP said the company's "poor maintenance practices" have resulted in several spills since 2006. For example, some 1,000 barrels of crude oil, water and gas mixture poured onto the tundra after a 2-foot gash formed in a pipeline in November 2009.

BP said that about a third of its Alaska capital budget of between \$800 million and \$850 million this year is for safety and integrity projects. It said that since 2006, it has tripled the number of pipeline-corrosion inspections, to more than 100,000 a year.

Relations with Alaska's regulators remain strained, however. In September 2008, a high-pressure natural gas pipeline operated by BP ruptured, sending two segments of pipe flying 900 feet across the tundra. No one was hurt, but the official state report said the incident could have been catastrophic.

"We were able to tie it down to procedures that either were not in place or had not been fully implemented at BP in their management system," said Allison Iversen, a coordinator at Alaska's Petroleum Systems Integrity Office.

In February 2009, Ms. Iversen sent BP a letter saying it had failed to inspect the stretch of pipeline for more than a decade before it broke. A scheduled 2003 inspection was never performed because the pipe was covered in snow and the company never returned to do it. The state also said it was "deeply concerned with the timeliness and depth of the incident investigation" conducted by BP. It took four months to provide a report that other oil companies typically submit in two weeks.

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BP said it is implementing a plan to address the backlog of pipeline checks and ensure any missed inspections are flagged.

In the Gulf of Mexico, BP hadn't suffered a safety disaster until the Deepwater Horizon. But there had been concerns that one might occur.

An internal BP presentation from December 2007, early in Mr. Hayward's tenure, noted that there had been 10 "high potential" incidents at BP facilities in the Gulf since the start of that year, including one December case in which a worker suffered an electric shock but survived. A common theme, the report found, was a failure to follow BP's own procedures and an unwillingness to stop work when something was wrong.

"As we enter the last two weeks of 2007, we are experiencing an unprecedented frequency of serious incidents in our operations," Richard Morrison, vice president for Gulf of Mexico production, wrote in an email to staff. "We are extremely fortunate that one or more of our co-workers has not been seriously injured or killed."

Mr. Morrison listed five near-miss incidents in November and December, including one in which natural gas escaped from a pipe aboard BP's Pompano platform, threatening an explosion.

BP said it wouldn't comment on this or any other internal communications, and declined to make Mr. Morrison available.

Meanwhile, company officials continued hammering home the message on costs. Mr. Shaw, the Gulf of Mexico head, made the point at a meeting for top managers in Phoenix in April 2008. His aim, according to an internal BP communication, was to instill a "much stronger performance culture" in the organization, based on strictly managing costs and "this notion that every dollar does matter." BP declined to make Mr. Shaw available for comment.

A former BP engineer who retired last year said the Gulf of Mexico operation under Mr. Shaw became focused on meeting performance targets, which

determined bonuses for top managers and low-level workers alike. The engineer says even small costs got targeted: BP no longer provided food at lunch meetings, and eliminated the fruit bowls that were offered as part of a healthy-living drive a few years earlier.

In a statement, BP said its cost-cutting should be seen in the context of the sharp fall in oil prices in 2008, which squeezed all oil companies' profits. BP says executives are judged on the safety record of their units, not just on financial or production criteria.

The month after the Phoenix meeting, Mr. Shaw told his staff that efficiency was improving in the drilling and completing of wells.

The number of days it took to drill 10,000 feet was 6% below plan. Idle time had fallen to 24% of total rig days, from 34% in 2007. In May 2009, he said in another memo that BP's output in the Gulf had reached a record 500,000 barrels a day, a year ahead of schedule.

The improvements continued. According to an internal presentation on Gulf drilling performance dated April 13 of this year—a week before the Deepwater Horizon blast—BP's estimate for 2010 capital spending on wells in the Gulf fell by \$221 million to \$2.03 billion.

Some goals were more elusive. A safety steering committee worried that the "Total Recordable Incident Rate"—normally measured as total number of incidents resulting in injury or illness for every 200,000 man-hours worked—was higher than it should be.

The rate was 0.97 for the Gulf drilling unit, over the target of 0.62, say minutes of an August 2009 meeting. "In order to meet the target will need some zero months," the minutes say.

BP declined to comment on the memo's specifics but said it showed the company "continually evaluating the safety of its operations."

Some think the cost drive affected safety. Workers had "high incentive to find shortcuts and take

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risks," says Ross Macfarlane, a former BP health and safety manager on rigs in Australia who was laid off in 2008. "You only ever got questioned about why you couldn't spend less—never more." BP vigorously denies putting savings ahead of safety.

At a strategy update for investors this March, BP targeted large savings in its drilling operations. BP spends nearly \$4 billion a year drilling oil wells. Management said it could slash \$500 million off that figure by improving efficiency.

In that regard, the Gulf of Mexico well being drilled by the Deepwater Horizon was an outlier. Deepwater Horizon was the least efficient of the rigs working for BP in the Gulf: A BP chart showed at least 44% of its rig days were nonproductive, a much higher figure than any other vessel.

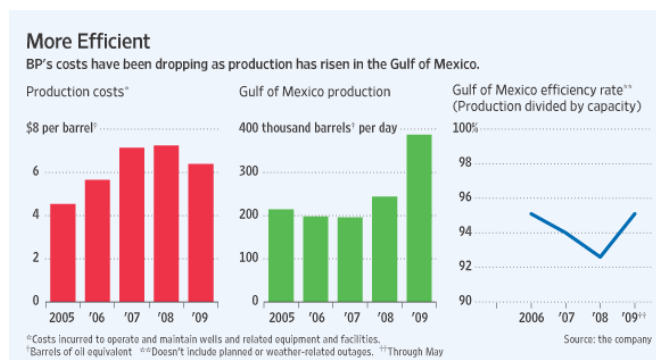
That pushed up costs, putting Horizon \$29 million over budget for 2010, the largest deficit in BP's Gulf fleet.

BP says the amount of down time wouldn't have directly affected total spending on Deepwater Horizon, which was operating under a long-term, fixed-rate contract.

The April 20 explosion on the rig raised questions among congressional investigators about whether BP had cut costs too much. BP denies cost-consciousness played any role in the tragedy.

In a different context, BP had questioned the impact of its cost-cutting in the Gulf. After the 2008 incident on the Atlantis platform, BP's internal report warned of lax safety oversight and tight budgets.

It concluded: "A key question to ask, especially with apparently minor and disconnected defects, is 'What's the worst thing that could happen?'"



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Analysis: BP PR blunders carry high political cost

Tue, Jun 29 2010

By [Tom Bergin](#)

LONDON (Reuters) - A week after one of his wells in the Gulf of Mexico began spewing crude into the sea, BP Chief Executive Tony Hayward visited the Reuters office in London.

Initially anxious, the CEO relaxed and grew in confidence as he outlined his plans to halt the leak, peppering his conversation with industry slang like "mods," short for "modifications."

His message over the lunch with senior journalists was clear: BP had one of the biggest engineering, logistical and financial problems the oil industry had ever faced, but the company was up to the challenge.

What the CEO failed to mention was that BP also faced a massive political problem, perhaps the biggest such crisis for an oil company operating in the United States since Teddy Roosevelt broke up John D. Rockefeller's Standard Oil.

It was a telling omission. BP's failure to grasp the fact that its biggest challenge was in Washington, not the Gulf, has led to a series of gaffes and strategic communications errors that have inflamed public opinion, fanned the political firestorm and dragged the company's share price ever lower.

Most analysts expect the spill cleanup to cost under \$30 billion, but BP's market capitalization is down \$100 billion, on expectations it will face fines of up to \$30 billion as well as curbs on its business in the United States, its most important market.

It didn't have to be this way.

"BP's handling of the spill from a crisis management perspective will go down in history as one of the great examples of how to make a situation worse by bad communications," said Michael Gordon, of New York-based crisis PR firm Group Gordon Strategic Communications.

"It was a combination of a lack of transparency, a lack of straight talking and a lack of sensitivity to the victims. When you're managing an environmental disaster of this magnitude you not only have to manage the problem but also manage all the stakeholders."

SERIAL OFFENDER

From the start, BP adopted positions that fueled suspicion.

Hayward repeatedly told reporters in the first days after the rig drilling the doomed well exploded that "it wasn't our accident." Instead, the CEO blamed Transocean, the company that operated the drilling rig.

"In such an awful and public situation, to immediately blame someone else, even if you're right, is bad from a public relations standpoint," said Henry Sneath, First Vice-President with DRI, an association of U.S. corporate defense lawyers.

"You immediately blacken your reputation and poison potential jurors that might ultimately rule on your faith."

The company also failed to tackle its image as a serial safety and environmental offender. That was especially true in the United States where regulators had blamed both a 2005 refinery blast that killed 15 workers and pipeline leaks in Alaska in 2006 on cost-cutting.

When a Congressional Committee in mid-May highlighted this record, BP insisted it had changed. But it couldn't say how.

"BP's inability to precisely describe the improvements it has made in its safety and operational culture took us by



surprise," UBS said in a research note after the hearing.

ESTIMATING THE DAMAGE

BP further weakened its credibility by underestimating the amount of oil leaking from its well. Even when scientists challenged the Coast Guard's 5,000 barrel-per-day estimate of the flow rate, BP defended it robustly.

On May 14, Bob Dudley, BP's director for the Americas, told MSNBC the 5,000 bpd figure was "a good estimate" and that calculations of up to 70,000 bpd were "scaremongering."

On June 15, a government panel said the flow rate was actually up to 60,000 bpd and internal BP documents released by a U.S. Congressman last week showed BP had itself calculated the well could flow at up to 100,000 bpd.

"Once you've lost trust and credibility, your ability to get your message across is critically hampered," said Jonathan Hemus, director of Insignia Communications.

Then there were Hayward's mistakes. Telling interviewers the spill was "relatively tiny" and that the environmental impact was likely to be "very, very modest" was interpreted as a crude attempt to downplay the spill's impact.

Even worse was Hayward's comment on TV that he wanted his life back. Predictably, wives of some of the 11 men who died in the rig blast responded that they'd like their husbands back.

On June 25, Hayward's boss, the BP Chairman, Carl-Henric Svanberg said Hayward was returning to the UK, admitting the CEO's remarks had "upset people."

A day later, Hayward showed he could upset the U.S. public just as capably from the other of the Atlantic, when he was photographed aboard his yacht off the Isle of Wight as the oil spill confined fishermen in Louisiana to port.

"I think we can all conclude that Tony Hayward is not going to have a second career in PR consulting," White House Chief of Staff Rahm Emanuel told ABC news after the yachting incident.

LITTLE U.S. EXPERIENCE

What makes the mistakes even worse, is that BP should have been well placed to mount a world-class crisis PR effort.

The firm had almost unlimited resources. Its chairman was a media-savvy former telecoms CEO. And its head of public relations, Andrew Gowers, was a former editor of the Financial Times, and one-time Reuters reporter, with recent experience of crisis management: Gowers headed Lehman Brothers PR team during its collapse, although the rapidity and breadth of the banking meltdown was such that no amount of PR could have saved the bank.

Yet the oil giant had a key shortcoming.

BP's British CEO had never held a position in the United States, its Swedish chairman had limited U.S. experience, and Gowers' only stint working in the United States was his few months with Lehman.

Hayward exacerbated his lack of U.S. savvy by choosing another Briton, Alan Parker, head of the UK's largest financial PR agency, Brunswick, as his external PR adviser. It wasn't until late May before the company appointed a heavy-hitting U.S. PR representative -- Dick Cheney's former spokeswoman, Anne Kolton.

The lack of local knowledge hurt BP in those first few weeks. U.S. executives say that it is difficult for European executives, especially those who haven't spent a long time working in the United States, to understand the combative political landscape there.

"In Europe, the attitude would be much more, 'the company is the only one who can solve the problem, so what do we need to do to help the company to get it sorted?'" said Patrick Dunleavy, a professor of political science at the London School of Economics.

"The company didn't adequately gauge how much backlash there would be and how quickly it would be ... that was a really bad piece of risk management," he added.

BP's managers were not alone in underestimating the political risks. European investors continually shrugged off strongly worded comments from the White House, made after U.S. markets closed, only for American investors, who were more attuned to the significance of what was coming out of Washington, to hammer BP's New York-listed American Depositary Receipts when U.S. markets reopened.

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TOUGHER MEDIA

BP has also been caught out by a more hostile media than it is used to.

For long the UK's largest and most international business, BP's success is a source of pride for a former imperial power which agonizes over its position in the world.

To many in Britain, the CEO of BP is the patron saint of British business -- someone whose pronouncements on matters even outside the energy space can make the front pages. Even now, BP enjoys a reasonably positive press in Britain.

But the role of U.S. television in reporting the disaster in has been a challenge for a media team more geared toward dealing with financial reporters whose professional readers care less about snappy sound-bites.

BP would have faced public anger and political pressure no matter how slick its PR, of course. The question is: could it have handled the situation better?

Some analysts are doubtful.

"PR is not the antidote to what's happening here. Whenever something like this happens it is a 100 percent certainty that the public relations will be deemed to be botched," said Eric Dezenhall, a crisis PR specialist for almost 30 years,

Washington-based Dezenhall said BP's communications efforts must be judged over the longer term.

"All of these PR chestnuts that sound wonderful in a college class, about apologizing and contrition, there is very, very weak data to show these cliches bear out in reality."

(Editing by Simon Robinson and [Sitaraman Shankar](#))

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Lawmakers Seek More Details on Company Spill Response Plans, Following Hearing

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Oil Spills

Lawmakers Seek More Details on Company Spill Response Plans, Following Hearing

Rep. Henry Waxman (D-Calif.) and other members of the House Committee on Energy and Commerce are seeking more details about the oil spill response plans of four major oil companies after a committee investigation revealed that the companies had plans that were "practically identical" to the "flawed" oil spill response plan used by BP Plc in the Gulf of Mexico.

In a June 28 letter addressed to the chief executive officers of ExxonMobil, Shell, ConocoPhillips, and Chevron, Waxman sought information on the adequacy of those response plans' ability to protect the Gulf.

The letter follows a June 15 Energy and Commerce subcommittee hearing that revealed the plans of the four companies had "significant flaws," according to the letter (114 DEN A-18, 6/16/10).

Among the problems, according to the letter, were references to protecting walrus in the Gulf of Mexico and the inclusion of emergency contact info of "long deceased experts."

Signing the letter along with Waxman were Reps. Ed Markey (D-Mass.) and Bart Stupak (D-Mich.)

"You and other witnesses agreed these flaws were 'embarrassing,' " the letter said.

In particular, the letter seeks information on the adequacy of the companies' oil spill response plans in the Gulf, on whether equipment is available to deal with a spill concurrent with the BP Deepwater Horizon incident, and whether the companies intend to revise their oil spill response plans.

"No oil company appears to be better prepared for a disastrous oil spill than BP was," the letter said.

The lawmakers asked for a response by July 2.

The letter also follows a June 24 hearing held by the House Natural Resources Subcommittee on Insular Affairs, Oceans, and Wildlife where witnesses told members that federal policy designed to ensure sufficient oil spill preparedness, response, and planning efforts needs to be updated in the wake of the Deepwater Horizon accident (121 DEN A-9, 6/25/10).

By Ari Natter

The letter is available at http://energycommerce.house.gov/index.php?option=com_content&view=article&id=2056:waxman-markey-stupak-question-oil-companies-on-spill-response-plans&catid=122:media-advisories&Itemid=55.

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Everything New Orleans

Vice President Joe Biden arrives in New Orleans for oil spill visit

Published: Tuesday, June 29, 2010, 10:22 AM Updated: Tuesday, June 29, 2010, 11:44 AM



Paul Rioux, The Times-Picayune

Vice President Joe Biden arrived at Louis Armstrong International Airport in Kenner at 9:40 this morning for the start of his visit to several areas affected by the massive **BP oil spill** in the Gulf of Mexico.



Eliot Kamenitz / The Times-Picayune

Coast Guard Rear Adm. James Watson, right, gives a tour to Vice President Joe Biden of the Gulf oil spill Unified Command Center in Poydras Plaza in New Orleans Tuesday.

Wearing khaki pants, a blue polo shirt and a baseball cap with an American flag, Biden was greeted with handshakes by Louisiana Gov. Bobby Jindal and U.S. Rep. Anh "Joseph" Cao, R-New Orleans.

Biden put an arm around Jindal's shoulder as the trio chatted for a couple of minutes on the tarmac. Jindal had said he plans to press Biden to step up the federal response to the spill.

Jindal said heavy patches of oil were spotted about three miles offshore from Grand Isle on Monday.

"We didn't see one vessel out there trying to capture that oil. We need to have a greater sense of urgency,"

the governor said. "They need to treat this like the war that it is."

Jindal also called on the Army Corps of Engineers to issue permits allowing Grand Isle Mayor David Camardelle to build rock dams blocking oil from five passes into Caminada Bay, a vital fishery.

The vice president's motorcade then headed to the unified command center in New Orleans, where Biden will be briefed by Coast Guard Adm. Thad Allen, the national incident commander.

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BP floating financial lifeline to station owners

By HARRY R. WEBER (AP) – 30 minutes ago

HOUSTON — Oil giant BP PLC is floating a financial lifeline to the owners, operators and suppliers of the gas stations around America that bear its name and have been struggling because of boycotts prompted by the Gulf spill.

The head of a trade group that represents distributors of BP gasoline in the U.S. told The Associated Press on Tuesday that the company is informing outlets that they will be getting cash in their pockets, reductions in credit card fees and help with more national advertising.

The cash component will be based on distributors' volume and will be more for outlets along the Gulf Coast than for those elsewhere in the country, said John Kleine of the BP Amoco Marketers Association.

He estimates the total package BP is offering at roughly \$50 million to \$70 million.

Some BP-branded gas stations have reported sales declines of 10 percent to 40 percent from Florida to Illinois since the April 20 rig explosion in the Gulf of Mexico.

Distributors would still be free to sue BP and seek compensation from the \$20 billion compensation fund if they choose, Kleine said.

BP did not immediately comment.

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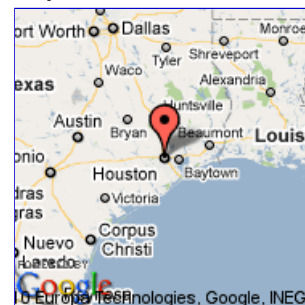
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BP meets deadline for oil spill payments to govt

(AP) – 46 minutes ago

WASHINGTON — BP has met its July 1 deadline to pay the federal government for the initial costs of responding to the Gulf oil spill.

The Obama administration says BP paid two bills totaling about \$71 million earlier this month. The government had set a Thursday deadline for the largest of the two bills, which charged the company \$69 million.

The administration says the oil company is still reviewing and processing a third bill for \$51.4 million. The White House has long said that as the responsible party, BP must pay all costs associated with the response to the spill.

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Far-off hurricane could slow oil spill cleanup

By TOM BREEN and MICHAEL KUNZELMAN (AP) – 1 hour ago

NEW ORLEANS — The tropical storm plowing across the far side of the Gulf of Mexico could send oil skimmers back to port and make containment booms useless, even from some 500 miles away. But the rough weather also might give nature a hand in breaking down crude from the massive oil spill.

Forecasters expect Alex to grow to hurricane strength later Tuesday over the southwestern Gulf on track for the Texas-Mexico border region and away from the oil spill area off Louisiana. But it will blow waves and stormy winds all the way to the open Gulf, where BP PLC is working to cap and contain the oil, and the coastal waters tinged with crude.

The effects may be mixed.

Waves churned up by Alex — as high as 12 feet — could help break up the patches of oil scattered across the sea. The higher-than-normal winds that radiate far from the storm also could help the crude evaporate faster.

"The oil isn't in one solid sheet. It's all broken up into patches anyway. It will actually work to break those patches down," said Piers Chapman, chairman of the oceanography department at Texas A&M University.

But skimming vessels may be idled because they can't operate in such swells. Floating oil-containment booms could be rendered useless by waves slopping over them and may have to be pulled out of the water.

Pulling boats and crews off the water could cost precious time, said Nancy Kinner, co-director of the Coastal Response Research Center at the University of New Hampshire. Equipment has to be stripped down, packed and protected from the force of the storm, and then has to be reassembled and deployed again, she said.

But Coast Guard Adm. Thad Allen, the federal government's point man for the spill response, said the storm wasn't expected to affect two relief wells being drilled, considered the best hope of plugging the leak.

Even 12-foot waves aren't enough to stop the tanker that is sucking up large quantities of oil through the cap on the well, or a second vessel that is burning off hundreds of thousands of gallons at the surface, Allen said.

Forecasters said Alex could bring havoc to the coastline along the U.S. and Mexico.

A hurricane warning was posted for the Texas coast from Baffin Bay, 100 miles (160 kilometers) south to the mouth of the Rio Grande river; and for an additional 225 miles (360 kilometers) south to La Cruz, Mexico. Except for the border area itself, both regions are lightly populated.

Workers along the South Texas coast were clearing drainage ditches, filling sandbags, positioning heavy equipment and water pumps, and preparing emergency shelters. Some cities also handed out sandbags to residents and urged people to make preparations.

Forecasters said rain from Alex would keep falling on southern Mexico and Guatemala into Tuesday, raising the possibility of life-threatening floods and mudslides.

Meanwhile, Louisiana Gov. Bobby Jindal said Monday that the weather could push the oil farther into the ecologically delicate Barataria Bay, home to a diverse group of wildlife.

Other officials echoed that worry. Rough seas already have forced barges to leave their posts as a barrier against the oil near the bay.

"We've already lost over 68 days of decent weather and this is going to be an active hurricane season," Jefferson Parish Council Chairman John Young said Monday. "They're going to start coming yet there continues to be a lack of a sense of urgency."

Farther away Tuesday morning in Pensacola Beach, Fla., winds and surf weren't yet strong enough to keep bull dozers and sand-raking machines from cleaning the beaches ahead of Vice President Joe Biden's visit later in the day. Officials said they are preparing for the busy July Fourth holiday weekend.

For now, Alex is on track to make landfall with hurricane-force winds near the U.S.-Mexico border, possibly by Thursday.

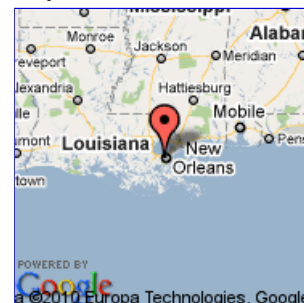
"We are watching very, very closely," Allen said. "As it stands right now, absent the intervention of a hurricane, we're still looking at mid-August" for completing the relief well. Earlier Monday, a BP executive said the well would be done by early August.

All of the uncertainty of what Alex and other storms could do to BP's containment effort gave new urgency to the company's efforts to make its operations at the well as hurricane-resistant as possible.

The company said it hopes to install a new oil-capturing system by next week that would allow

AP Associated Press

Map



BP to disconnect the equipment faster if a hurricane threatens and hook it back up quickly after the storm passes. Right now, BP would need five days to pull out if there is a hurricane. The new system being developed, which uses a flexible hose, would cut that to two days.

The containment system now in place is capturing nearly 1 million gallons per day from the well, which is spewing as much as 2.5 million gallons a day, according to the government's worst-case estimate.

Associated Press writers Harry R. Weber in Houston, Brian Skoloff in Pensacola, Fla., and John Flesher in New Orleans contributed to this report.

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Rough seas halt skimming operations off Gulf Coast

By TOM BREEN and JAY REEVES (AP) – 1 hour ago

NEW ORLEANS — BP and the Coast Guard sent oil-scooping skimming ships in the Gulf of Mexico back to shore Tuesday because nasty weather from Tropical Storm Alex churned up rough seas and powerful winds.

U.S. Coast Guard Lt. Dave French said all efforts had been halted for now off the Louisiana coast. Efforts also had been halted off the coasts of Florida, Alabama and Mississippi.

French said workers were using the time off the water to replenish supplies and perform maintenance work on equipment.

"We're ready to go as soon as conditions allow us to get those people back out and fighting this oil spill," French said.

The loss of skimming work combined with 25 mph gusts driving water into the coast has left beaches especially vulnerable. In Alabama, the normally white beaches were streaked with long lines of oil, and tar balls collected on the sand. One swath of beach 40 feet wide was stained brown and mottled with globs of oil matted together.

Tropical Storm Alex was projected to stay well away from the spill zone before possibly making landfall as a hurricane as early as Wednesday just south of the U.S.-Mexico border. But its outer edges were causing problems out in the Gulf.

Wayne Hebert, who helps manage skimming operations for BP, said all nearshore skimmers were idled off the coasts of Florida, Alabama and Mississippi.

"Everyone is in because of weather, whether it's thunderstorms or (high) seas," Hebert said.

Waves were as high as 12 feet Tuesday in some parts of the Gulf.

The surging waves and nasty weather make skimming work unsafe and ineffective, and also can mangle oil-soaking boom.

The Coast Guard had to evacuate workers and equipment from coastal areas in Terrebonne Parish because of tidal surges that could cause flooding, French said.

The only vessels left in the water are being used to capture or burn oil and gas leaking from the well and to drill two relief wells that officials say are the best hope for stopping the leak for good.

Coast Guard Adm. Thad Allen, the federal government's point man for the spill response, said this round of rough weather wasn't expected to affect the drilling operation. Nor is it expected to halt the tanker sucking up large quantities of oil through the cap on the well, or a second vessel that is burning off hundreds of thousands of gallons at the surface.

Ten boats that had been removing oil from the coast of Alabama sought shelter in the protected waters of Mobile Bay or Perdido Bay, and a flotilla of vessels that had been trying to prevent oil from entering the pass into Perdido Bay were gone. In Mississippi, four skimmers were riding out the storm beside Petit Bois Island, Hebert said.

Cleanup crews fought the winds and showers with empty bags blowing across the sand occasionally and the tops of canvas shelters flapping in the breeze.

Hebert said it was impossible to say when the work might resume.

"I don't control the weather," he said.

Pulling boats and crews off the water could cost precious time, said Nancy Kinner, co-director of the Coastal Response Research Center at the University of New Hampshire. Equipment has to be stripped down, packed and protected from the force of the storm, and then has to be reassembled and deployed again, she said.

Despite the setbacks, the rough weather could give nature a hand in breaking down crude from the spill that's spilled as much as 137.6 million gallons of oil into the Gulf.

High waves could help break up the patches of oil scattered across the sea. The higher-than-normal winds that radiate far from the storm also could help the crude evaporate faster.

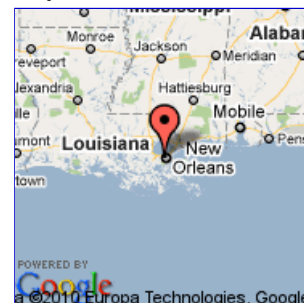
As Alex steamed closer to land, a hurricane warning was posted for the Texas coast from Baffin Bay, 100 miles (160 kilometers) south to the mouth of the Rio Grande river; and for an additional 225 miles (360 kilometers) south to La Cruz, Mexico. Except for the border area itself, both regions are lightly populated.

Workers along the South Texas coast were clearing drainage ditches, filling sandbags, positioning heavy equipment and water pumps, and preparing emergency shelters. Some cities also handed out sandbags to residents and urged people to make preparations.

Forecasters said rain from Alex would keep falling on southern Mexico and Guatemala into

AP Associated Press

Map



Tuesday, raising the possibility of life-threatening floods and mudslides.

All of the uncertainty of what Alex and other storms could do to BP's containment effort gave new urgency to the company's efforts to make its operations at the well as hurricane-resistant as possible.

The company said it hopes to install a new oil-capturing system by next week that would allow BP to disconnect the equipment faster if a hurricane threatens and hook it back up quickly after the storm passes. Right now, BP would need five days to pull out if there is a hurricane. The new system being developed, which uses a flexible hose, would cut that to two days.

The containment system now in place is capturing nearly 1 million gallons per day from the well, which is spewing as much as 2.5 million gallons a day, according to the government's worst-case estimate.

Meanwhile Tuesday, Vice President Joe Biden was visiting officials and residents on the Gulf Coast.

Reeves reported from Gulf Shores, Ala. Associated Press writers Harry R. Weber in Houston, Brian Skoloff in Pensacola, Fla., Michael Kunzelman and John Flesher in New Orleans contributed to this report.

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Red tape keeps Gulf marsh cleanup on hold

by Karl Huels

Long after oil invaded, project to spray oil-eating bacteria awaits go-ahead



msnbc.com
2010 8:17:54 AM ET

At a lab on Grand Isle, La., at the edge of Barataria Bay, biologists hoping to help save the oil-soiled marshlands are at the ready with a vat containing 30,000 gallons of homegrown oil-eating bacteria. But it's been weeks since the oil started washing up here, and still they await final clearance to begin work.

It's frustrating for the scientists, who plan to spray large sections of the soiled marsh with this microbial stew — consisting of nutrients and three naturally occurring bacteria that eat oil — to help rid the fragile ecosystem of toxic oil.



Jesse Shaffer with the Plaquemines Parish government uses a vacuum to clean oil in Barataria Bay, La.,

This approach — known as bioremediation — is effective, especially if it is done soon after the oiling, they say. And it does less damage than some of the traditional methods used in marsh cleanup, such as burning and skimming.

But getting approval from the bureaucracy assembled to respond to the BP oil spill is slower than trudging through marsh mud in waders.

"The bureaucracy is killing us," said Ralph Portier, an environmental biologist at Louisiana State University who started offering his expertise in marsh bioremediation shortly after the spill, and well before oil invaded the marshes on May 22.

"We're waiting for people in Washington to agree with people in Robert, La., that it's OK to talk to a guy in Houma (La.) to tell people in Baton Rouge that it's OK to do something down on Dauphin Island — or wherever. Pick your spot," he said.

In other words, after BP and federal officials at the joint command center in Robert agree on a plan of attack — which may include bioremediation or other methods — they have to seek approval from higher-ups in Washington before contacting the spill operations center in Houma and consulting with the local parish government for its buy-in. Only then can they inform the state that it's OK to go ahead with cleaning up a given area.

Getting all that to happen is tough, particularly while BP and the government are focused mainly on stopping the oil that continues to gush into the Gulf Mexico at a rate of tens of thousands of barrels a day.

Budgetary concerns have also been a factor, Portier said. Though BP is expected ultimately to get the bill for the entire cost of the cleanup, the state of Louisiana is covering the cost of Portier's project for now. On July 1, the start of a new fiscal year, Portier needs final approval.

As the bureaucratic wheels slowly turn, Portier and his colleagues have been gearing up to demonstrate their system at sites with varying conditions.

They have moved bioreactor equipment that allows for large-scale production of the bacteria from Louisiana State University in Baton Rouge to the Louisiana State Wildlife and Fisheries lab on Grand Isle. Their lab is converted from an oyster research fishery, which had to be moved away from Grand Isle when oil started coming ashore. The oyster researcher, marine biologist John Supan, is now working with Portier, who is running the project.

Portier's team has produced as much of the bacteria as they can for now — 30,000 gallons. If needed, they can produce and spray that volume of the microbial mixture each day.



All that remains is arrival of boats and personnel from the Fisheries and Wildlife department.

'A pragmatic, low-cost tool'

The use of oil-eating microbes to lessen the impact from oil spills dates back to the Exxon Valdez disaster of 1989, and Portier said he has successfully used them on a number of incidents, including the large Citgo oil spill in Lake Charles, La., in 2006. He is proposing a similar approach here, with adjustments for differences in conditions.

He said he has also used the same approach on other types of industrial wastes — using various microbes to degrade hazardous chemicals at Superfund sites and brown fields in the middle of residential areas.

Private companies also produce a variety of EPA approved biodegradation products--with proprietary formulas--based on the same principles.

“These aren’t approaches that just appeared out of the blue,” he said. “We’re just proposing something that is a pragmatic, low-cost tool.”

And the bacteria, which occur naturally, pose little risk to humans, he said.

“They’re not pathogenic... They are soil bacteria,” he said. For workers on the project, the need for protection is limited to “normal hygiene, wear gloves, wash your hands, wear eye shields, wash your clothes in regular Tide or something.”

Portier expects the microbes to not only help degrade the oil that has already infiltrated the marsh, but also to create some protection from oil that may arrive later. After the oil is gone, microbial balance will return to the habitat, he said.

“It’s a quietly aggressive method of tackling what’s in the marsh, anticipating that it will get worse, hoping that it gets better,” said Portier. “We will make sure the microflora (bacteria) is there if more oil comes in.”

Oil spill experts say that bioremediation of this sort is based on sound science, but it’s just one tool that works to clean up oil in specific circumstances. Just as chemical dispersants are not intended for use in near-shore environments, where they can be toxic to plants, microbes are not used in open water, where they might deplete oxygen, harming fish and other organisms.

And even within the marsh environment, bioremediation works best when the oil is a thin sheen, not a thick sludge.

“The thick sludgy stuff on the marshes and beaches would take a long time to treat with this method,” said Doug Myers, science director at the nonprofit People for Puget Sound in Washington State. “The efficacy of bioremediation in these heavily oiled areas is less well known.”

In Texas, where there has been extensive testing of bioremediation, outcomes were not as good as expected, said Jim Suydam, spokesman for the Texas General Land Office, which oversees that state’s oil spill efforts.

Cost effectiveness questioned

Researchers concluded “you get more bang for your buck with traditional approaches — skimming, burning, separating the oil from the water physically,” Suydam said. Bioremediation, according to the state’s research, is better to use later, to “polish” the marshes after the initial cleanup is done, he said.

Still, each spill is different. Oil from each spill is unique, and it takes different forms in different places after being acted on by currents, tides and weather.

Handling the oil in delicate marshlands, which act as a nursery to many wildlife species in the Gulf — is especially complicated.

The first order of business is to prevent the oil from permeating the ground.

“If it hits the plants, they have the potential to grow back,” said John Lopez, director of sustainability at the nonprofit Lake Ponchartrain Basin Foundation. “If it saturates the soil ... the plants will die.”

The loss of plant life would in turn accelerate already alarming rate that the marshland is disappearing along the Louisiana coast — estimated at

about one football field every 45 minutes, according to Lopez.

Alternative cleanup methods present their own risks to the marsh ecosystem, Suydam, the Texas land office spokesman, conceded.

"With the wetlands and marshes sometimes you cause more damage with traditional methods, if you're out there tromping around," he said. "So the microbes might well be the best approach."

For now, Portier is eager to get to work, and demonstrate that this is the right approach, starting on Grand Isle, Queen Bess Island and north Barataria Bay — all within Jefferson Parish.

Of course, the oil doesn't respect parish boundaries. It has infiltrated some 200 square miles of marsh across five parishes. Once this project gets under way, Portier hopes to expand his work to the wetlands of neighboring St. Bernard and Terrebonne parishes as quickly as possible. He's hoping that he will not have to start the approval process all over again.



Pat

Airboat pilot Michael Fabian shows the consistency of oil washing into marsh grass in Barataria Bay, Louisiana, June 20, 2010.

He agrees that stopping the flow of oil is extremely important, and quite naturally the focal point of the response effort, but stresses that work in the marshes is also urgent.

"Speed is very important," said Portier. "I want to get in there and start degrading the oil as quickly as possible. Otherwise we could lose all that marsh habitat to the Gulf of Mexico. ... We can't afford that."

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Can microbes
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eating bacteria

The Washington Post

How to help with the oil spill cleanup

Tuesday, June 29, 2010; C09

The Deepwater Horizon Response volunteer request line is 866-448-5816, but operators will only take your name and e-mail address to send you contact information for agencies in each of the four affected gulf states:

Volunteer Louisiana,
<http://www.volunteerlouisiana.gov>.

Mississippi Commission for Volunteer Service, <http://www.volunteermississippi.org>.

Serve Alabama, <http://www.servealabama.gov>.

Volunteer Florida, <http://www.volunteerfloridadisaster.org>.

Those who live outside these states might have better luck contacting or donating to their local eco-organizations or to these large and small independent nonprofit groups working in the field along the gulf:

Catholic Charities Archdiocese of New Orleans, which is leading the humanitarian response, accepts donations and volunteer registrations via <http://www.ccano.org> or 504-592-5685.

Louisiana Wildlife Rehabilitators Association, including the Clearwater Wildlife Sanctuary in Covington, La., accepts donations via <http://www.lawraonline.com>.

LA Gulf Response, a coalition of conservation organizations including the National Audubon Society and the Coalition to Restore Coastal Louisiana, says that volunteer assistance is not needed immediately but that people can register via www.lagulfresponse.org.

Louisiana Bucket Brigade, a nonprofit group that has five staff members and works on environmental health in communities that border oil and chemical refineries, has portals for volunteer work and donations at <http://www.labucketbrigade.org>.

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POLITICO

Mabus to assess damage

By: **Catherine Cheney**
June 29, 2010 04:29 AM EDT

Navy Secretary Ray Mabus began his first visit to the Gulf Coast as head of the Gulf Coast Restoration Plan on Monday, meeting in the evening with Louisiana Gov. Bobby Jindal in Baton Rouge to discuss the BP oil disaster and the federal government's plan to repair the area's fragile ecosystem. According to his office, Mabus will then head to New Orleans, continuing a five-day tour to assess oil spill damage and meet with state and local officials.

Mabus will also have to confront the herculean task before him: to reverse what President Barack Obama called the "decades of environmental degradation" that have ravaged the region's ecology. Experts said the president's vow to "restore the unique beauty and bounty" of coastal Texas, Mississippi, Louisiana, Alabama and Florida could take decades, cost tens of billions of dollars and risk being undermined by conflicting demands.

While BP will pay for oil cleanup from the Deepwater Horizon catastrophe, environmentalists said many others — including the federal government — helped cause the long-term damage. Meanwhile, the five coastal states each have different interests on the spectrum between protecting nature and ensuring commerce.

Experts said restoring the Gulf Coast's ecology would easily eclipse the \$12 billion restoration of the Florida Everglades, currently the largest environmental restoration in American history.

So who will pay?

"BP is saying, 'Nuh-uh — time out. Your wetlands were damaged prior to the oil spill,'" said Douglas Brinkley, a Rice University presidential historian.

Although Obama promised to include experts and local leaders in any planning, Stan Senner, of the Ocean Conservancy, said he has not heard from Mabus.

He added that Obama may not have realized the scope of his promise.

Senner, Alaska's top cleanup and restoration officer after the Exxon Valdez spill, said undoing damage in Prince William Sound was quite tough, even though the oil spill was smaller than that in the Gulf and affected just one state.

And Mississippi Gov. Haley Barbour is skeptical of any plan that doesn't come from Gulf Coast states themselves.

"We don't need Washington to tell us what our recovery plan ought to be," Barbour said, pointing to the Gulf of Mexico Alliance, which has already developed plans to improve the region. "I thank Secretary Mabus, and I hope he will be an advocate for what the Gulf states decide. But the most important thing is that the plan be developed by the people in the Gulf states, not dictated down by Washington."

Florida wants in on the plan, too. "A lot of folks talk about how Louisiana and Mississippi are innocent victims," said Jim Beever, a top official at the Southwest Florida Regional Planning Council, who added that the three counties under his jurisdiction would require \$15.4 billion for proper mangrove and marsh restoration. "Those areas have made partnerships with oil drilling. Florida has not."

In Louisiana, the epicenter of the BP disaster, an aide to Sen. Mary Landrieu (D-La.) said a proper plan to restore the coast would cost \$50 billion over 30 years. He added that there was no need to wait for the government's oil spill assessments, which he calls a separate issue and one that could take months, even as Louisiana rapidly loses acres of marshland and wildlife.

Brinkley said Obama needs to spell out his plan to restore the Gulf Coast ecology. "We can either say, 'It's a wasteland down there. Forget this way of life. It's an oil and gas field, and let's use it as an industrial zone.' Or we can say, 'Save the wetlands.'"

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Jun 29, 12:54 PM EDT

Gulf's coastal wetlands surviving despite oil

By JOHN FLESHER

AP Environmental Writer

BELLE CHASE, La. (AP) -- From a seaplane 1,000 feet above Louisiana's coastal wetlands, the places hit hardest by the Gulf of Mexico oil spill are easy to spot - dark slashes marring a vast expanse of marshes and bayous.

Yet more than two months after the spill started, the view appears to confirm what many scientists are concluding: The wetlands, a haven for fish and seabirds and a flood buffer during the Gulf's notoriously vicious storms, "have come through so far pretty unscathed," Paul Kemp, director of the National Audubon Society's Louisiana Coastal Initiative, said after a recent 260-mile flight over most of the affected sections.

Damage has been severe in some locations, especially in reedy swamps near the mouth of the Mississippi River. But it's spotty and confined mostly to outer fringes of islands topped with marsh grasses and mangrove bushes. Little oil has advanced more than a few yards toward the interior, despite the many openings created by a labyrinth of natural bayous and man-made canals.

"There may be a few areas where the oil has penetrated deeper into the marsh, but I have not seen them yet," said Irving Mendelssohn, a Louisiana State University coastal plant ecologist.

Favorable wind and tidal patterns, plus Mississippi River currents countering the oily flow from the Gulf, have spared the wetlands the worst of the oil, experts say.

That could change quickly if a hurricane or tropical storm hurls an oil-choked water surge inland. Tropical Storm Alex, forecast to become a hurricane this week on its way between the Yucatan Peninsula and the U.S.-Mexico border, was not expected to spread the oil much more widely than it already is, but the next storm might.



AP Photo/John Flesher

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Multimedia



An interactive look at the business impact of the oil spill

"We've got some bad weather out there and God knows what will happen next," said Jacqueline Michel, a National Oceanic and Atmospheric Administration contractor who coordinates teams patrolling the wetlands.

For now, there has been nothing approaching wholesale saturation of Louisiana's estuaries, nesting grounds for brown pelicans, ducks and endangered least terns and a buffer that protects population centers from tidal surges during severe storms.

For now, there has been nothing approaching wholesale saturation of Louisiana's estuaries, nesting grounds for brown pelicans, ducks and endangered least terns.

Wetlands are also prized for their ability to filter and store pollutants, so it makes sense that they've managed to keep the oil along the fringes, said Alex Kolker, a Tulane University scientist.

"In this case, it may be a sacrificial sort of filtering, because they're taking on so much oil they may die off," Kolker said.

Wherever the oil has reached, swamp grass has turned a sickly brown and once leafy mangrove shrubs are bare skeletons.

On Queen Bess Island, a bird rookery in sprawling Barataria Bay, waves of oil vaulted over rows of protective boom and fouled the island's exterior a couple of weeks ago. On a recent morning it still swarmed with seabirds, some with stained plumage. Scientists have observed chicks awash in oil there.

Charter boat captain Dwayne Price, who has fished the bay nearly all his 44 years, says he's seen islets that appeared entirely coated.

"When you're in love with something like that and you see it destroyed right in front of your face, it really pulls at your heart," he said.

And the worst may be happening under the water.

If oil seeps into the ground and suffocates roots, the plants will die and soil will wash away, worsening erosion that already swallows up to 30 square miles of Gulf coastal wetlands a year - a football field every half-hour.

Melanie Driscoll, an Audubon Society bird specialist, said the Barataria islands she has inspected were not as badly damaged as she'd feared.

"But there could be a lot happening beneath the surface of the water or in the roots of the vegetation," she said. "It may not be the apocalypse right now, but it could be a slowly unfolding disaster."

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Spill.



A look at the environmental impact of the Gulf oil spill.



Tracking the Gulf Oil Spill



Oil Spill Poll



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Oil spill's effect on dead zone unknown

By [Nikki Buskey](#)
Staff Writer

Published: Tuesday, June 29, 2010 at 12:13 p.m.

HOUMA — This year's dead zone, an area of water with low-to-no oxygen that forms annually off the Louisiana coast, is forecast to be bigger than average this year, covering an area roughly the size of New Jersey, according to scientists.

The dead zone is sure to compound the environmental catastrophe wrought by the Gulf of Mexico oil spill, though exactly how remains unknown, said Nancy Rabalais, director of the Louisiana Universities Marine Consortium in Cocodrie. Bacteria breaking down the oil, a process that consumes oxygen, could increase the size of the dead zone. But the oil could also limit the growth of algae needed to fuel the dead zone by blocking light needed to help the algae grow or killing it with its toxicity.

It is clear, Rabalais said, that the combined effects of the oil spill and the annual dead zone will deal a blow to local fisheries.

"There's tremendous uncertainty because of this huge additional source of food for bacteria that sucks up oxygen and the completely unique situation of this oil being released at such a huge volume from the sea floor," said Len Bahr, editor of LaCoastPost.com and former Louisiana representative on the Mississippi River-Gulf of Mexico Watershed Nutrient Task Force, established to deal with the Gulf dead zone.

LUMCON and Louisiana State University, delivering an annual dead zone forecast Monday, said a zone measuring 6,500 to 7,800 square miles is expected to form this summer. That would make it the fifth-largest dead zone on record. Over the past five years, the seasonal dead zone has covered an average 6,000 square miles of Gulf waters off the Louisiana coast.

The dead zone is an area of oxygen-starved water, a phenomenon known as hypoxia, and is fueled mostly by nitrogen and phosphorus found in agricultural runoff like fertilizers that flows down the Mississippi River.

The extra nutrients, coupled with the warm summer sun, triggers an explosion of algae growth that soon sinks, decomposes and consumes most of the life-giving oxygen supply in the water, forcing marine life in the area to either flee or die.

Scientists measure nutrient loads in the Mississippi River to issue their annual prediction. Rabalais said that large amounts of nitrogen and phosphorus were found in the river and scientists began finding low oxygen in waters in March this year, earlier than usual. But the prediction can't take into effect changes in currents and tropical storms, which churn up waters and dissipate the dead zone. In the past, active hurricane seasons have curbed low oxygen waters.

In a normal year, the dead zone is a big enough problem. It drives commercial seafood species like shrimp out of large expanses of water, forcing fishermen to have to burn more gas and travel farther to find their catch.

"It forces organisms out of their normal habitats, especially as they go offshore,"



Rabalais said.

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This year, however, the oil spill and the dead zone will double the distress for fishermen, she said. Many Gulf waters are closed to commercial fishing due to the oil spill, and the dead zone could limit fishable areas even more.

Many have expressed concerns that huge plumes of undersea oil reported by scientists studying the Gulf oil spill could worsen the dead zone, said Matt Rota, water resources director with the Gulf Restoration Network, a nonprofit focused on Gulf Coast environmental issues.

“Dead zones are formed when the algae dies and (their decomposition) eats up all the oxygen in the water,” Rota said, a process that is similar to bacteria that consume oil and use up oxygen in the process.

Bahr said there are also concerns that methane gasses leaking from the BP well could be fueling other dead zones at the bottom of the Gulf.

Methane is a colorless, odorless and flammable substance that is a major component in the natural gas used in heating. The oil emanating from the sea floor is about 40 percent methane. Most oil deposits contain about 5 percent methane.

Scientists speculate that the methane could be fueling bacteria feeding-frenzies at the bottom of the ocean if it reaches high-enough concentrations. There are types of bacteria in the Gulf that consume methane and deplete oxygen in the process.

Bahr said that the Gulf dead zone is often ignored by coastal policy makers in Louisiana. But with the Gulf oil spill exacerbating its effects, it could be time to take notice.

“It’s very discouraging to be faced with these man-made disasters. We’ve got coastal land loss, the BP oil spill and the dead zone all happening at once,” Rota said. “These are three areas where so much more action could be taking place.”

Nikki Buskey can be reached at 857-2205 or nicole.buskey@houmatoday.com.



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Analysis: Doing nothing might have been best for oil spill

Mon, Jun 28 2010

By [Kate Kelland](#), Health and Science Correspondent

LONDON (Reuters) - It might have been better for the environment to have done nothing about the enormous oil spill in the Gulf of Mexico except to keep the oil out at sea, British scientists said on Monday.

Marine biology and environmental experts said they feared the aggressive cleanup operation, during which oil has been set alight and oil-dispersing chemicals have been dumped into the sea, might be more damaging than the oil itself.

Previous experience suggests that containing the oil out at sea but otherwise leaving it alone to disperse and evaporate naturally is better in the long run but is regarded as politically unacceptable, they said.

"One of the problems with this spill is that it has gone from the environmental arena into the economic and political arena, so if you ask how bad it is, that depends on which perspective you're coming from," said Martin Preston, an expert in marine pollution, earth and ocean sciences from Britain's Liverpool University.

"Economically, clearly the impact has been very large, but environmentally the jury is still out. One of the tensions between environment and politics is that politicians cannot be seen to be doing nothing, even though doing nothing is sometimes the best option."

Scientists told the briefing in London that although the Deepwater Horizon rig blowout and explosion, the death of 11 workers and the leak added up to a major incident, they did not yet constitute an environmental catastrophe.

The U.S. government estimates that up to 60,000 barrels (2.5 million gallons/9.5 million litres) of oil a day are spewing from the damaged BP Plc oil well on the seabed about a mile below the surface.

Much of the oil is still far out at sea, but some is starting to drift toward the southern U.S. coast, where Louisiana's fragile wetlands have been hardest hit so far.

BP and the Obama administration have been under pressure from the public to take serious action to clean up the oil.

Opinion polls have shown that the U.S. public disapproved of BP's response to the spill and grew more skeptical about the Obama administration's response in the weeks after the accident.

The spreading oil has halted major fisheries and covered wetlands and beaches from Louisiana to Florida. The public has been horrified by images of birds and other wildlife soaked in oil.

"LEAVE WELL ALONE"

There have been around 20 major spills of more than 20 million gallons since the 1960s. The largest recent spill was in 1991 in the Gulf as a result of the Gulf War when between 240 and 460 million gallons were spilled.

The largest previous spill resulting from a rig blowout like that of the Deepwater Horizon was the Ixtoc 1 off Mexico's Gulf coast in June 1979, which continued for 9 months during which more than 140 million gallons of oil was spilled.

The Exxon Valdez accident in Alaska in 1989 spilled around 10 million gallons.

Simon Boxall, an expert at Britain's National Oceanography Center who has helped analyze various major oil spill cleanups, said several detailed experiments had been conducted since the Exxon Valdez spill, looking at areas that were left alone, as well as at areas cleaned up chemically or mechanically.

"The chemically cleaned up areas have taken the longest to recover and they are still damaged," Boxall said. "The areas that were left alone actually recovered much quicker."

Some 10,000 people were flown in to deal with the Exxon Valdez spill, and Boxall said scientists now wondered whether the "cleanup town" that grew up around it caused more environmental damage than the oil itself.

Christoph Gertler of Bangor University, who has been studying various potential bacterial remedies for oil spills, said reports by the U.S. National Oceanic and Atmospheric Administration suggested that dispersants were "changing the

nature of the oil in a very unfavorable way," making it more difficult for naturally occurring marine bacteria to break it down.

Boxall said it was important to remember that oil coming from the BP well was a light crude that would break down and evaporate fairly quickly when it came to the surface.

He said there were three golden rules of oil spills:

"The first is don't spill it in the first place: the second is, if you do spill it, try and pick it up as quickly and easily as possible," he said. "And the third is that in the open ocean, the best thing to do is leave well alone. Unfortunately, politically that always looks like a cop-out."

Scientists agreed that the wetlands of Louisiana were the most sensitive areas at risk, but said that here again a light touch might be the safest solution.

"The more delicate an area is -- and many of these areas around the Gulf coast are very delicate -- the more significant is the risk of making things worse by acting," said Preston. "A rather gung-ho attitude to the cleanup could end up doing more damage than if it had simply been left alone."

(Editing by [Maggie Fox](#) and Tim Pearce)

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122 DEN A-8

Oil Spills

House, Senate Committees Set to Act On Oil Spill Regulations, Unlimited Liability

House and Senate committees plan to mark up legislation the week of June 28 that would repeal liability caps in current law for oil spills, would reorganize the agency in charge of the federal oil and gas leasing program, and would establish the most stringent regulations for offshore oil and gas drilling in decades.

Oil spill legislation is expected to move through the House and Senate in July after members return from the July 4 recess, but the timing is still unclear (121 DEN A-15, 6/25/10).

Members of Congress do not want to go home to campaign for re-election in August without having passed legislation to prevent a repeat of the BP oil spill that is polluting the Gulf of Mexico, a Senate Democratic staffer observed.

'High Risk' Wells Targeted

The House Energy and Commerce Committee plans a June 30 hearing on a new draft bill that would prohibit issuing a federal drilling permit for "high risk" oil and natural gas wells unless a company can demonstrate the ability to prevent and contain leaks.

A June 24 discussion draft of the bill, made available by BNA, focuses on ensuring that the industry's ultimate fail-safe device, the blowout preventer, has been thoroughly tested, demonstrated, and certified before drilling begins.

The bill grew out of committee hearings and investigations during the past two months with industry executives, including BP CEO Tony Hayward, in addition to government officials and independent experts exploring the causes of the Deepwater Horizon well blowout.

The Subcommittee on Energy and Environment, chaired by Rep. Ed Markey (D-Mass.), will conduct the hearing on the bill, titled the Blowout Prevention Act.

Some Onshore Wells Included

The Energy and Commerce bill defines high-risk wells as all offshore oil and gas wells subject to federal permitting, regardless of water depth, plus any onshore well that could lead to "substantial harm to public health and safety or the environment" if a blowout occurs.

Companies must have the capability to begin drilling a relief well within 15 days and complete the relief well in 90 days if a blowout occurs.

The bill would require two sets of blind shear rams and two sets of casing shear rams in the blowout preventer, which is a feature that the Deepwater Horizon's blowout preventer did not have.

Shear rams are capable of cutting through drill pipe and casing to seal off the well in the event of an emergency.

The bill calls for "one or more" emergency backup control systems that could activate the blowout preventer in case of a well blowout, but it does not specify how many or what type. The Deepwater Horizon rig had a "deadman's switch" that failed to trigger the blowout preventer to close the well when the rig exploded.

In addition to requiring continuing certification that a blowout preventer is working as intended, the bill calls for new regulations to ensure safe well design and cementing.

It establishes stop-work requirements that allow an employee to halt operations if there is a risk of a well blowout, and it provides for more unannounced safety inspections.

Advisory Committee Proposed

A Well Control Technical Advisory Committee would be established to provide independent technical advice and certification.

Companies could seek a judicial review of new regulations exclusively in the U.S. Court of Appeals for the District of Columbia Circuit.

The Interior Department, the Department of Energy, and the Environmental Protection Agency would be authorized to conduct investigations into suspected violations of the regulations under their agency's jurisdiction, including the use of subpoena power.

Citizen lawsuits would be authorized in the appropriate federal court to compel compliance with the new regulations. Another section would prohibit companies from retaliating or firing employees who notify authorities of noncompliance.

The Chemical Safety and Hazard Investigation Board would be given an expanded role in the investigation of oil spills by relevant federal agencies.

House Action

The House Natural Resources Committee plans a hearing June 30 on a comprehensive bill (H.R. 3534) to reform the federal oil and gas leasing program, with Interior Secretary Ken Salazar expected to testify.

The House Transportation and Infrastructure Committee, which has jurisdiction over several aspects of oil and gas drilling under the Oil Pollution Act, has scheduled a July 1 markup on legislation that is still being written and not yet introduced.

The Transportation Committee is considering proposals to eliminate the cap on liability for economic damages resulting from oil spills, in addition to provisions to strengthen the Coast Guard's authority over oil spills.

Senate Action

The Senate Energy and Natural Resources Committee has scheduled a June 30 markup on a bipartisan bill (S. 3516) that would codify the reorganization of the Interior Department undertaken by Salazar and would strengthen offshore drilling regulations.

The Senate Environment and Public Works Committee is considering a June 30 markup on a bill (S. 3305), sponsored by Sen. Robert Menendez (D-N.J.), that would repeal the \$75 million limitation in the Oil Pollution Act on economic and natural resources damages from an oil spill and increase it to \$10 billion.

Menendez's bill, the Big Oil Bailout Prevention Act, would be retroactive to April to include the BP oil spill.

Senate Commerce plans a hearing June 30 on the aspects of the Deepwater Horizon well blowout that fall under its jurisdiction.

By Lynn Garner

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BP spill shakes up local oil explorers

Michael C. Juliano, Staff Writer

Published: 08:47 p.m., Monday, June 28, 2010

The BP Plc oil disaster in the Gulf of Mexico is muddying the waters for this area's oil exploration companies.

Stamford-based

PrimeEnergy Corp., which explores for crude oil and natural gas and operates wells, is holding off on new investments as it waits to see how pending regulations will affect the costs of drilling and prospecting.

"It'll definitely make people pause on acquisitions until we can figure out what the costs are," said [Charles Drimal](#), president and chief executive officer of PrimeEnergy. "My issue is if I wanted to buy reserves, what would I pay for it?"

Publicly traded

PrimeEnergy, which employs 225 workers, operates seven drilling platforms in the Gulf of Mexico, some of which are run in partnership through [Prime Offshore LLC.](#), an affiliate with its offices in Houston. PrimeEnergy, which has operating offices in Houston and Midland, Texas, Oklahoma City, Okla., and Charleston, W.V., operates about 1,600 wells and owns non-operating interests in 850 additional wells across the United States.

The company's shares closed Monday at \$18 on the Nasdaq, less than half their 52-week high of \$36.64 on Jan. 7. The stock hit a low of \$17.03 on May 21.

Although PrimeEnergy's focus in the Gulf is on water depths less than 500 feet, President [Barack Obama](#)'s six-month moratorium on deep-water drilling in depths beyond 500 feet is still a "real concern," Drimal said.

"It's affecting me because it's my understanding that new regulations are coming," he said, adding that the environmental and financial impact of the BP disaster on the Gulf has given him a lot to think about. "It's an interesting time."

The Obama administration imposed the moratorium in May. U.S. District Court Judge [Martin Feldman](#) last week granted a preliminary injunction lifting a six-month moratorium put in place May 27 on new deep-water drilling permits, saying that the ban would cause "irreparable" harm to businesses. Feldman refused an administration motion to stay his injunction, and [Secretary of the Interior Kenneth Salazar](#) said he planned to implement a revised moratorium that would pass judicial muster. Drillers, reportedly, are choosing to put Gulf exploration on hold until the matter is settled.

The disaster in the Gulf is causing oil companies and the federal government to look at regulations monitoring how oil spills are prevented and contained, said [Geoff Kiebertz](#), a senior energy analyst with Weeden & Co. in Greenwich.

"We're using techniques around for decades," he said. "Everyone has gone back and reviewed their safety procedures and are making sure that they're being followed."

Kiebertz said the spill will result in more federal regulations on drilling and containment, and thus, higher costs to the companies that produce the oil.

"That'll make it more expensive to explore and find oil in the Gulf, which may cause higher oil prices," he said, adding that reducing drilling in the Gulf may result in more oil coming here by tanker ship, which poses another set of problems.

"Are we reducing the risk of oil spills?" Kiebertz said.

One area company highly dependent on the offshore oil industry is Bolt Technology Corp., a publicly traded Norwalk-based manufacturer of seismic energy sources and other equipment used in offshore exploration for oil and gas. Bolt declined to comment on what effect the BP spill may have on its business, but the company is taking advantage of the spill-related drubbing Wall Street has given to oil-related issues to start buying back its shares.

Bolt closed at \$8.64 on Monday, five days after its board voted to authorize a repurchase of as much as 10 million shares on the open market and through private transactions. The stock hit a 52-week low of \$8.13 on June 7, down from a high of \$13.17 on Jan. 17.

Privately held [Lime Rock Partners](#), a Westport-based investment firm that focuses on on-shore and international drilling, also withheld comment.

Messages seeking comment left with [GSV Inc.](#), a publicly traded Westport-based investor in two oil and gas wells in Louisiana and prospects in Texas, and publicly traded [American Energy Group](#), a Westport-based firm that invests in oil and gas rigs in Pakistan, were not returned. [First Reserve Corp.](#), a Greenwich-based investor in oil-exploration firm [Deep Gulf Energy LP](#) and about 30 other energy companies, was unable to



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Although offshore exploration is on hold as the oil spill continues, the number of rigs actively exploring for oil and natural gas in the United States increased by 13 this week to 1,552.

Baker Hughes Inc., a Houston-based oil exploration and drilling technology company, said Friday that 958 rigs were exploring for natural gas and 583 for oil. Eleven were listed as miscellaneous.

A year ago this week, the rig count stood at 917. Of the major oil- and gas-producing states, North Dakota gained six rigs, Wyoming added four, Oklahoma gained three, West Virginia received two, and Alaska got one. Texas lost three rigs, while Pennsylvania, Louisiana, Colorado and Arkansas each lost one rig. California and New Mexico remained unchanged. The rig count tally peaked at 4,530 in 1981, and sank to a record low of 488 in 1999, according to [Bloomberg News](#).

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Stress test

By David Jacobs

Monday, June 28, 2010

A shrimp trawler idles through Pass-a-Loutre near the mouth of the Mississippi River. The pilot calls himself “Little Buddy.” If pressed, he’ll admit his given name is Nathan Creppel. He’s been shrimping in these waters all of his adult life. Two Department of Wildlife & Fisheries employees are riding shotgun, and three reporters are sitting up front.

On Creppel’s left, two lines of boom buffer a swath of roseau cane: hard boom on the outside and absorbent boom on the inside. Marsh plants like the cane are important because they hold the soil together and help keep Louisiana’s valuable wetlands from vanishing into the sea.

But the boom isn’t really for protection; the oil got here first. This is more like a quarantine, keeping the oil in place so the contamination doesn’t spread as workers in smeared white jumpsuits try to clean up the mess. A rust-colored sheen floats among the reeds, and a black stain can be seen about two feet above the waterline. Creppel estimates oil from the Deepwater Horizon disaster has been here a month. Maybe even longer.

“If they don’t get up in there and clean it up, it’ll stay there,” he says. “At least they’re doing something.” The unspoken concern is if those plants die, the land beneath them will wash away.

On Creppel’s right is a rusted, hurricane-battered lighthouse. Years ago, he says, a man could walk four miles beyond that lighthouse. Today it’s surrounded by water. This land has long been disappearing, even before being clobbered five years ago by Katrina, and some experts and activists say the oil is just one more stress on Louisiana’s fragile coastline.

“The wetlands, for the last decade, have been on life support,” says Val Marmillion, managing director of the America’s WETLAND Foundation.

Marmillion coined the adage “Louisiana is losing land at the rate of a football field every 50 minutes,” which might be true on average, but the land isn’t washing away at a steady pace. Hurricanes greatly accelerate the process, and Marmillion says oil poses another threat to portions of the wetlands that already are weak.

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But he also sees the crisis as an opening. He argues at least some of the money flowing in for oil response and recovery should be spent on projects like river diversions that might make the state more resistant to oil while helping restore the coast.

“There are dual-purpose opportunities,” he says.

According to the Louisiana Department of Natural Resources, about 640,000 acres of the state could be underwater by 2050. Those areas support a diverse array of wildlife and some of the most productive fisheries in the world. The wetlands and barrier islands also serve as hurricane buffers.

Flood-control levees that preserve civilization along the Mississippi River, however, prevent freshwater and sediment from naturally replenishing the wetlands. The oil industry, while vital, contributes to the destruction by draining and dredging wetlands for canals and pipelines. Many operations near the coast or in shallow water would be endangered by storms without protection from the wetlands.

“They have a lot at stake,” says Mark Davis of the Tulane Institute on Water Resources Law and Policy. “Those marshes that are being oiled are often owned by oil companies. When land turns into open water, at some point it becomes claimable by the state.”

University of New Orleans coastal scientist Denise Reed says oil in a marsh might kill off some plants. But if enough green leaves are exposed to provide oxygen to the root system that holds the soil together, the marsh can make a comeback, although certain sections might not make it.

As long as oil is mostly confined to the outer edges of the marshes, she says Louisiana can consider itself lucky. Reed fears a tropical storm could raise the water level a few feet, allowing oil to float over the top of the marsh and deeper into the wetlands. The oil’s toxicity has decreased by the time it reaches shore, but enough oil could smother the plants. At the same time, Reed warns, attempts to clean up the oil could be dangerous.

“These plants don’t like physical damage,” she says. “It varies from one location to another, but for the most part it’s a good idea to just leave it alone. The oil will naturally degrade.”

Andrew Barron of the Barataria-Terrebonne National Estuary Program in Thibodaux agrees that tromping through the marsh with boom could push oil further down onto the roots. But he says if you put absorbent boom on the outside, tidal movement can bring the oil back to you, which might have

been the working theory at Pass-a-Loutre. Low-pressure hoses can be used to gently push oil into the boom.



LITTLE BUDDY: Nathan Creppel (center) has been shrimping in the waters near the mouth of the Mississippi River for his entire adult life.

“There are very strict guidelines, but most of the time passive cleanup is the appropriate way to clean up the marsh,” Barron says. Burning the oil off is sometimes discussed as an option, but burning into the root mat could permanently remove parts of the marsh.

Many scientists fear efforts to fight the oil could harm the coast. Harry Roberts, director of LSU’s Coastal Studies Institute, does not consider the spill a serious erosion issue. But he worries about plans by Gov. Bobby Jindal to plug gaps between barrier islands with walls of sand. The exchange between the open water and the bay remains constant. If you fill one opening, he says, more water just gets pushed through another.

“By closing one, you’re going to perhaps erode part of the barrier islands in the process or deepen the tidal channels,” Roberts says. “Probably both.”

State officials say building sand berms is an accepted response strategy, and say the situation will be monitored for any unintended consequences.

“We are at war and we need to fight this oil on the sand, well before it ever gets into our marshes and interior wetlands,” Jindal says.

As the nation watches a dramatic demonstration of offshore drilling’s impact, Sen. Mary Landrieu is calling for accelerated revenue sharing from federal offshore leases, which could lead to an estimated \$100 million or more per year for coastal sustainability. President Barack Obama mentioned coastal restoration in his June 15 address regarding the oil spill.

“We need a long-term plan to restore the unique beauty and bounty of this region,” Obama says. “The oil spill represents just the latest blow to a place that has already suffered multiple economic disasters and decades of environmental degradation that has led to disappearing wetlands and habitats.”

After hurricanes Katrina and Rita, many residents hoped to see a new focus on coastal issues, and Jindal

says the state is doing more to address erosion than ever. But Tulane's Davis says federal agencies became so concerned with levees and hurricane protection plans that they lost focus on the coast.

"The good news is there is finally an awareness that we have a need, that it is urgent, and that it should be a national priority," Davis says. "The bad news is we're in the grips of something that significant parts of our coast might not survive."



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PRINTER-FRIENDLY FORMAT
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This Fall

June 27, 2010

Seeking God's Help for a Wounded Gulf

By **DAN BARRY**

BON SECOUR, Ala. — In a small white building along the baptizing Bon Secour River, a building that once housed a shrimp-net business, the congregation of the Fishermen Baptist Church gathered for another Sunday service, with the preacher presiding from a pulpit designed to look like a ship captain's wheel.

After the singing of the opening hymn, "Ring the Bells of Heaven," and the announcement that an engaged couple was now registered at Wal-Mart, the preacher read aloud a proclamation from Gov. **Bob Riley** that declared this to be a "day of prayer" — a day of entreaties to address the ominous threat to the way of life just outside the church's white doors.

Whereas, and whereas, and whereas, the proclamation read. People of Alabama, please pray for your fellow citizens, for other states hurt by this disaster, for all those who are responding. And pray "that a solution that stops the **oil** leak is completed soon."

In other words, dear God, thank you for your blessings and guidance. And one other thing, dear God:

Help.

The governor's words hung a moment in the fan-turned air. Then the preacher, Shawn Major, summoned the men of the church to the front to "ask God to do something special."

Two dozen men, many of them wearing short-sleeve shirts in summery colors, knelt and sat with heads bowed and eyes closed, while a half-mile down the street, other men — and women — underwent training in the use of a more secular form of hope, the laying of boom.

The wall between church and state came a-tumbling down on Sunday, as elected leaders from the five states on the Gulf of Mexico issued proclamations declaring it to be a day of prayer. Although days of prayer are not uncommon here — Governor Riley declared one asking for rain to relieve a drought a few years ago — these proclamations conveyed the sense that at this late

date, salvation from the spill all but requires divine intervention.

In the two months since the deadly Deepwater Horizon explosion began a ceaseless leak of oil into the gulf, damaging the ecosystem and disrupting the economy, the efforts by mortals to stem the flow have failed. Robots and golf balls and even the massive capping dome all seem small in retrospect.

So, then, a supplementary method was attempted: coordinated prayer.

In Texas, Gov. [Rick Perry](#) encouraged Texans to ask God “for his merciful intervention and healing in this time of crisis.” In Mississippi, Gov. [Haley Barbour](#) declared that prayer “allows us an opportunity to reflect and to seek guidance, strength, comfort and inspiration from Almighty God.” In Louisiana, Gov. [Bobby Jindal](#) invoked the word “whereas” a dozen times — as well as the state bird, the brown pelican — but made no direct mention of God. In Florida, Lt. Gov. Jeff Kottkamp asked people to pray that God “would guide and direct our civil leaders and provide them with wisdom and divinely inspired solutions.”

The suggestion by government to beseech God for help — to petition a power higher than any elected official — rang out in churches and halls from Pensacola, Fla., to Galveston, Tex., as well as here, in Bon Secour, where Brother Harry prayed with head bowed.

The Fishermen Baptist Church has been in this village, whose name means safe harbor, since 1989. An anchor is planted in its front lawn. Its walls are adorned with paintings of nautical scenes. Its collection boxes are a miniature lighthouse and a treasure chest. The dock across the street is used for baptisms and fishing.

These are all reflections of the church's founder and pastor, Wayne Mund, who grew up here. His father, grandfather and great-grandfather were fishermen, and so was he, until the age of 21, when he dropped his nets and went off to Bible school.

Pastor Mund, 66, lanky and proud to call himself a Bible Baptist, works hard to incorporate his seafaring past into his mission. He sees [the Bible](#), from the Book of Genesis to the Book of Revelation, as a nautical book, and the sea as a mesmerizing draw. He will end conversation by warning that those who do not climb aboard God's boat of salvation “will drown in a sea of sin and despair.”

And now the oily despair in the sea is affecting his small church, his community. Fewer envelopes are being slipped into the treasure chest and lighthouse at the back of the room because some of his 200 congregants can no longer afford to tithe. Fewer people are attending service because fishermen, who normally take Sundays off, are now working for BP to help

clean up its goo, which is washing up in Gulf Shores and Mobile Bay.

"The sea, the sea, the sea," Pastor Mund says. "It has to do with the sea."

Pastor Mund expected to be out of town on Sunday, so he assigned an associate pastor, Mr. Major, to preside over the 10:30 service. Mr. Major is 46, stocky and more apt to smile than his boss when proselytizing. The spill affecting the river, the world, has been difficult for him to fathom, and he expects that the human toll will not be felt for another year.

Mr. Major spent Saturday with 70 men and women, all learning the proper way to lay boom. But now he was with 70 other men and women, all praying from nine wooden pews; all saying amen to his assertion that "We are still a Christian nation"; all nodding when he said that everyone knew "who ultimately will stop" the spill.

A missionary about to leave for Brazil was waiting to make a multimedia presentation, but first these kneeling men, led by Brother Harry — Harry Mund, a relative of the pastor's — needed to finish their prayer.

Please God, help us with "this awful oil spill," he said. In Jesus' name. Amen.

The men rose from their knees and returned to their pews, a couple of them rubbing the salty wet from their eyes.



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June 26, 2010

Cleanup Hiring Feeds Frustration in Fishing Town

By **JOHN LELAND**

BAYOU LA BATRE, Ala. — Nine weeks into the disaster in the Gulf of Mexico, there is more money in this small, hardscrabble fishing town than there has been in decades, residents say. There are more high-paying workdays, more traffic accidents, more reports of domestic violence, more drug and alcohol use, more resentment, more rumors, more hunger, more worry.

On a recent afternoon, Delane Seaman scowled at a procession of boats starting to come in to the town dock, each owner or captain with a promise of a day's pay of more than \$1,400, each mate with around \$200, all courtesy of a [BP](#) program created to employ boats to help with the [oil spill](#) cleanup. The program, called Vessels of Opportunity, has been a lifeline for hundreds in this town of 2,300 at the mouth of Mobile Bay, paying several times more than they could make fishing. But for others, like Mr. Seaman and his brother, Bruce, whose oyster-processing business has been closed since May, it has been a target for frustration.

"These folks you see right here, they shouldn't be hired on," Mr. Seaman said, pointing to a group of sport-fishing boats from Florida. "We heard BP was going to be hiring the people directly affected by the oil spill. But we can't get hired, and they're hiring all these people who quit their jobs to come here. We've had our application in for two months."

From a hamlet of independent fishermen and seafood handlers, many second or third generation, Bayou La Batre has become something close to a one-employer town, with BP acting as both the destroyer of livelihoods and the main source of income, through cleanup programs and compensation for lost business.

As the money flows in, many residents say it is not reaching them. In early June, commercial fishermen blockaded Mississippi Sound to protest BP's hiring of recreational boats for the cleanup. A fisherman was led away in handcuffs.

The company is trying to hire more commercial fishermen and has cut the share of recreational boats working in Alabama to 13 percent, from 23 percent a week ago, said Andrew Cassels, director of the Vessels of Opportunity program at the Mobile Incident Command Post.

A week ago, the company began consulting local officials on all hires, Mr. Cassels said.

“We’re restructuring our fleet to take the commercial fishermen,” Mr. Cassels said.

But those who are not working say this still has not happened. And for everybody, there is fear that the money will run out, BP will declare bankruptcy or end Vessels of Opportunity. There are 915 vessels in the Alabama program, 262 of them working from Bayou La Batre.

“Everyone’s worried to death,” said Kendall Stork, owner of the Lighthouse restaurant, where business is still good. “Unless they got a building as big as the Empire State Building filled with \$100 bills, it’s going to run out. There’ll be some killing around here.”

Signs outside Bayou La Batre declare it the seafood capital of Alabama, and for the people here — whose median household income is \$24,539, 28 percent below the state median, according to the 2000 census — fishing is a passion and a cross to bear. Business owners were just starting to recover from [Hurricane Katrina](#), which flattened many shops, including the Seamans’.

Residents here said that in the past they always knew they would not starve because they could get their food from the gulf; now that security is gone.

At Dominick’s Seafood, a shrimp processor operating at 60 percent below its normal volume — boats can shrimp only off parts of Florida and western Louisiana — Dominick Ficarino spoke lovingly about every aspect of the business. Then he said he did not want his daughters or their boyfriends to come near the plant. “I don’t want nobody to have this miserable life,” he said.

Now, many here say, even this misery will be taken from them.

Het Le, 30, who came from Vietnam when he was 11, has been shucking oysters since he was 16. Since the government closed the oyster beds in May, Mr. Le has been out of work, as have his eight siblings. Though he got a check from BP for \$1,000 for lost income, he has had to rely on a food bank to feed his family.

“Lots of families are having arguments because of money,” he said. “My wife, she’s good. But with money, she blames on me, I blame on her. It makes your life more of a struggle.”

Bayou La Batre’s population is one-third Asian, mostly Vietnamese, and many have a hard time

getting social services or training to work for BP because of the language barrier, said David Pham, a counselor at Boat People SOS, a nonprofit group. Many older residents are neither fit enough for beach cleanup jobs nor eligible for [Social Security](#) because they are not citizens, he said.

“In most families the mother, father, children and grandparents are all out of work,” he said. “People come in here edgy, angry and scared. They’ll come to the office and argue in front of me, or say, ‘My husband is acting more angry now.’ Usually Asians try to keep private problems at home.” He added that many hesitate to use the food bank, even though they need the support.

“They say, ‘I don’t want to beg for food,’ ” Mr. Pham said. “One woman told me, ‘I haven’t seen powdered milk since the refugee camps.’ ”

Mayor Stanley Wright said he had repeatedly fought with BP to hire more local fishermen, and got grants of \$7.5 million and \$1 million from the state’s BP grant to put residents to work, at about half the rate BP pays. This money, however, has run out. “How we got out of this without a murder, it’s a miracle,” he said.

Calls to the police and accidents were up 50 percent since late April, said the police chief, John Joyner. Even his officers were working off-duty for BP, Chief Joyner said.

At the Bayou Clinic, started by [Regina M. Benjamin](#), now the United States surgeon general, 20 percent more patients are asking for free health care.

Most people here say they have received some compensation from BP, but not enough to cover their losses. And many who have put in claims will never be repaid because much of their business was cash and they do not have proof of income, said Linda Fisher, an accountant who worked for 12 shops but is now mostly out of work herself.

“I’ve had guys call me and want 1099s for previous years,” Ms. Fisher said. “I can’t do that.”

Ms. Fisher said that after four trips to the BP claim center, the company has compensated her \$2,000 for lost income, less than half of her monthly earnings.

For Delane Seaman, there is the feeling that “BP took our life away,” only to replace it with a form of dependency that he and his brother went into business to avoid. “All our lives we’ve made decisions for ourselves,” he said. “Now BP is telling us what we can and can’t do. You have no mediator. BP has the final yes or no because they’re holding the purse strings.”

He looked across his empty workplace, where 40 stainless steel shucking stations sat empty.

After Hurricane Katrina, he said, people in town learned not to expect anything from government programs. “We pulled ourselves up by our bootstraps,” he said. “Now BP took away our boots.”

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Health

June 30, 2010

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Texas Health Services

DSHS Issues Fish Advisory for Lower Leon Creek

The Texas Department of State Health Services has issued an advisory warning people not to consume any species of fish from Lower Leon Creek from the Old U.S. Highway 90 bridge downstream to the Loop 410 bridge in San Antonio.

The advisory was issued after laboratory testing showed elevated levels of polychlorinated biphenyls, or PCBs, in fish samples collected from the creek.

DSHS tested tissue samples from nine species of fish as part of a re-evaluation of the creek. A smaller portion of the creek has been under a similar advisory since 2003 because of elevated levels of PCBs.

Long-term consumption of PCBs may cause cancer and reproductive, immune system, developmental and liver problems. According to DSHS standards, PCB levels in fish above 0.047 milligrams per kilogram (mg/kg) may pose a health risk to humans. PCB levels in the most recent Lower Leon Creek samples averaged 0.126 mg/kg and were as high as 0.961 mg/kg.

PCBs are industrial chemicals once used as coolants and lubricants in electrical transformers and capacitors. The U.S. Environmental Protection Agency banned PCBs in 1979, but items containing PCBs did not have to be replaced. PCBs degrade slowly in the environment.

Elevated levels of PCBs in fish do not pose a health risk for people swimming or participating in other water recreation activities in Lower Leon Creek.



Texas may allow more E. coli bacteria in water

06/30/2010

Associated Press

Texas environmental regulators will consider lowering the standard for E. coli bacteria in recreational waters, a move that increases the risk to public health.

The governor-appointed, rule-making body of the Texas Commission on Environmental Quality will meet Wednesday. Its staff and scientists recommend the standards be loosened.

However, environmental groups warn that would put the public at risk. The U.S. Environmental Protection Agency hasn't lowered its standards.

TCEQ aquatic scientist Jim Davenport says loosening the standards slightly would increase the risk of stomach illness. However, he says it's necessary to allow the state to focus more on heavily polluted bodies of water.

If approved, the rule could take effect by July 22. It also requires EPA approval.

Star-Telegram

EPA to seek public comment on hydraulic fracturing in Fort Worth

Posted Tuesday, Jun. 29, 2010

BY JACK Z. SMITH

jjsmith@star-telegram.com

Mike Paque, executive director of the national Ground Water Protection Council, laments that hydraulic fracturing has "become the synonym for everything people don't like" about the drilling of natural gas and oil wells.

Hydraulic fracturing, a process routinely employed in the Barnett Shale in North Texas, is a long-used procedure under which huge volumes of water and sand, along with a much smaller amount of chemicals, are injected deep underground to fracture rock formations and allow gas and oil to flow into a wellbore.

But "fracking," as the process is dubbed, has become increasingly controversial in recent years because of concern that it can lead to contamination of groundwater supplies and because of the large volumes of fresh water -- often several million gallons per well -- that it requires.

As a result, the U.S. Environmental Protection Agency is launching a study of fracturing that is expected to focus on potential negative effects on groundwater supplies.

Another major issue is whether energy companies should be required to fully disclose the specific chemicals used in fracturing.

The EPA, to help determine the proper scope of its study, is conducting four public meetings across the nation, including July 8 in Fort Worth.

The meeting is expected to attract people representing a variety of viewpoints. Environmental groups are calling for federal regulation of fracturing. Oil and gas industry officials, meanwhile, maintain that the process has been employed safely for 60 years, has never been proven to be a direct cause of groundwater contamination and is vital to a strong domestic energy supply.

"We feel that disclosure of the chemicals is imperative," said Esther McElfish of Fort Worth, president of the North Central Texas Communities Alliance, a group that supports a moratorium on new Barnett Shale drilling permits until the effects of drilling can be more fully assessed.

A Johnson County couple, Jim and Linda Scoma, sued Chesapeake Energy this month, blaming "drilling-related activities," including fracturing, for contamination of their water well. Chesapeake spokesman Brian Murnahan said the company "disputes the claims in the lawsuit."

Fracturing of Barnett Shale wells typically occurs more than a mile below underground aquifers that provide drinking water. Industry practice is to install multiple layers of pipe, known as casing, and cement inside the wellbore to isolate petroleum and chemicals from groundwater.

Regulatory officials in some states have said that, in rare instances, improper cementing or casing of the upper portions of wellbores probably contributed to groundwater contamination. Surface spills of fracturing fluids also occur, but they are usually relatively small and quickly cleaned up.

Environmental groups have called for new federal oversight of hydraulic fracturing. But the Oklahoma City-based Ground Water Protection Council that Paque heads takes the position that states should continue to play the chief regulatory role because they already have experienced staffs in place and are more knowledgeable about the unique geology and hydrology of their regions.

The council is an association of state regulatory agencies that oversee the oil and gas industry and impose rules to protect groundwater. Members include the Texas Railroad Commission and the Texas Commission on Environmental Quality, which deals with various water issues.

"It would be nigh impossible for the federal government to step in and replace the thousands of people the states have doing it now," Paque said.

Hydraulic fracturing gets negatively associated with other things that people don't like about the oil and gas industry, such as the noise of drilling, Paque said.

McElfish said, however, that her alliance favors passage of the proposed federal regulation of hydraulic fracturing because "the scope of the problem is nationwide."

JACK Z. SMITH, 817-390-7724

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Corpus power plant could lead to faster taking of Colorado River water

State environmental agency will decide whether to approve plant.

By **Asher Price**

AMERICAN-STATESMAN STAFF

Published: 10:31 p.m. Tuesday, June 29, 2010

The state environmental agency today could give the go-ahead for the construction of a large petroleum coke power plant in Corpus Christi, likely leading the city to accelerate a plan to take billions of gallons of faraway Colorado River water.

Though the city is unlikely to use the water for at least another decade, the plan will probably put further strain on the Colorado, which runs through Austin and is the source of drinking water for a wide swath of Central and South Texas.

The situation illustrates the increasing reality in Texas of shipping water across vast distances to slake the thirst of cities and industry.

The Corpus Christi plant, which needs water to generate the steam that turns its turbines, would not take water directly from the Colorado, which eventually empties into the Gulf of Mexico at Matagorda. But the plant's needs could accelerate a long-term plan to pipe water from the Colorado to the Corpus Christi area, according to Oscar Martinez, an assistant manager for the City of Corpus Christi.

Corpus Christi does not get the water through a contract with the Lower Colorado River Authority, the quasi-governmental utility that had to pull out of a massive water-sharing deal with San Antonio because competition for its supplies has grown fierce as cities have sprawled and industries have grown. Instead, Corpus Christi bought the right to 11 billion gallons of Colorado River water per year outright in the late 1990s for \$18 million from an irrigation company, which had some of the most senior water rights on the river, as part of a long-term strategy for meeting its down-the-road needs, said Gustavo Gonzalez, director of water operations for Corpus Christi.

Corpus Christi has rights to about 68 billion gallons of water a year, largely from Choke Canyon Reservoir, Lake Corpus Christi and Lake Texana. The city's current annual demand is about 42 billion gallons. The Las Brisas plant would require about 5 billion gallons a year. (By comparison, Travis County businesses and residents currently consume about 69 billion gallons of Colorado River water a year.)

Las Brisas "pushes the needle a little bit," Martinez said, and instead of pumping water from the Colorado in 2030, the city is more likely to begin pumping around 2020.

The underground pipeline, which is still being designed and will break ground in 2012 at the earliest, could cost as much as \$115 million, said Gonzalez, and would run about 40 miles from Bay City to Lake Texana. From there, it would mix with Lake Texana water that is already transported to the Corpus area.

The Corpus plant is the latest indication of how a growing demand for electricity translates into increased thirst for water.

In the Colorado River basin, manufacturing facilities and power plants currently require 17 percent of overall demand for Colorado River water — their demand jumps to 26 percent by 2060, according to one study.

But before the Corpus plant gets off the ground, Las Brisas Energy Center LLC, the company proposing

to build it, has to get an air permit from the state environmental agency. The facility would burn enough of the coallike coke to power at least 650,000 homes.

Environmental groups have battled against the plant, which they say would sully air quality. They received a boost in March when two state administrative law judges recommended the Texas Commission on Environmental Quality not award a permit.

The state administrative judges concluded "that there remain unresolved issues which preclude the granting of the permits at this time."

The judges found that Las Brisas Energy Center undertook no analysis of some of the emission control technology to be used at the plant's boilers and failed to properly account for some emissions associated with the plant. The company proposes building the 1,320-megawatt plant on the north side of the Port of Corpus Christi's Inner Harbor by 2013.

The agency's public interest counsel has also recommended denying a permit.

But the three-member commission has shrugged off the advice of the law judges and the public interest counsel in the past.

In a filing, the company said it had "proved compliance with all applicable statutory and regulatory requirements" and stated that the judges suffered "confusion over proper application and interpretation of the Texas Clean Air Act and federal Clean Air Act requirements."

A spokesman for Las Brisas did not return calls for comment. The company has partnered with Houston's Chase Power Development to build the plant. Chase spent as much as \$150,000 in lobbying fees in 2009, according to records with the Texas Ethics Commission.

The plant is one of several that the commission is considering. Also on the burner is the White Stallion plant in Bay City, which would also take Colorado River water, at least 8 billion gallons a year; and plants in Sweetwater and Midland. In recent months, the commission has approved plants that burn coal or coke outside Victoria, Houston and Waco .

asherprice@statesman.com; 445-3643

Find this article at:

<http://www.statesman.com/news/texas-politics/corpus-power-plant-could-lead-to-faster-taking-777241.html>

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Jun 29, 2010

Obama funds research into algae-based biofuels

07:18 AM

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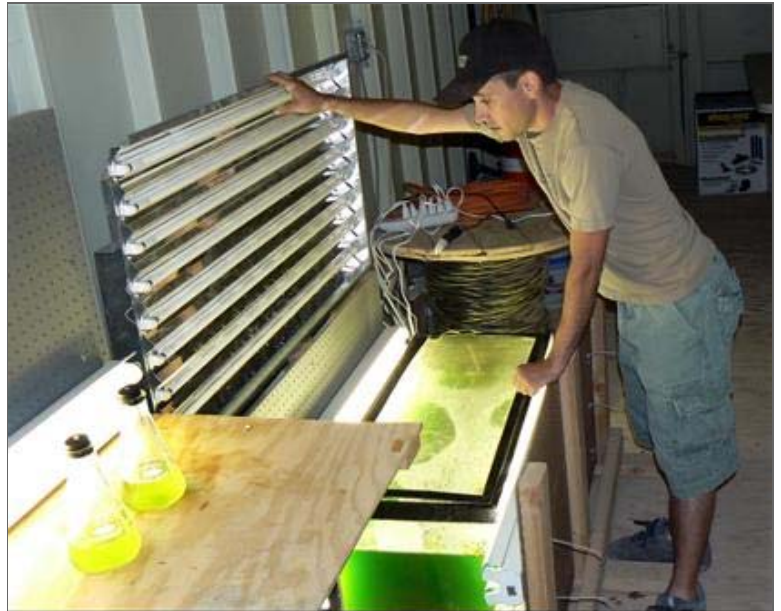
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In its push for clean energy sources, President Obama's administration is exploring all options -- including algae-based biofuels.

The U.S. Department of Energy [announced Monday](#) that it's awarding up to \$24 million for three research groups to figure out how to make such biofuels commercially viable.

"The United States must find effective ways to hasten the development of technologies for advanced biofuels made from algae and other renewable resources to reduce our need for foreign sources of oil," Assistant Secretary for Energy Efficiency and Renewable Energy Cathy Zoi said in the announcement.



CAPTION

By Ryan Randazzo, AP

To help develop non-polluting energy sources, DOE has awarded billions of dollar -- much of it from the three-year Recovery Act -- for nuclear power plants, solar energy systems, wind turbines, [energy efficiency](#) and carbon capture technology.

Obama and Energy Secretary Steven Chu have set aside \$800 million in Recovery Act funds to research new biofuels. DOE says algae has potential, but technical and economic challenges remain. To guide future work, it released [the National Algal Biofuels Technology Roadmap](#).

The report says that the Energy Independence and Security Act of 2007 requires transportation fuel sold in the U.S. to contain a minimum of 36 billion gallons of renewable fuels, including biomass-based diesel, by 2022.

It says cellulosic ethanol is expected to play a large role in meeting that target, but "next generation biofuels" such as those derived from algae show "significant promise."

In a press release, DOE described the three new research projects:

Sustainable Algal Biofuels Consortium (Mesa, AZ) – Led by Arizona State University, this consortium will focus on testing the acceptability of algal biofuels as replacements for petroleum-based fuels. Tasks include investigating biochemical conversion of algae to fuels and products, and analyzing physical chemistry properties of algal fuels and fuel intermediates. (DOE share: up to \$6 million)

Consortium for Algal Biofuels Commercialization (San Diego, CA) – Led by the University of California,

San Diego, this consortium will concentrate on developing algae as a robust biofuels feedstock. Tasks include investigating new approaches for algal crop protection, algal nutrient utilization and recycling, and developing genetic tools. (DOE funding: up to \$9 million)

Cellana, LLC Consortium (Kailua-Kona, HI) – Led by Cellana, LLC, this consortium will examine large-scale production of fuels and feed from microalgae grown in seawater. Tasks include integrating new algal harvesting technologies with pilot-scale cultivation test beds, and developing marine microalgae as animal feed for the aquaculture industry. (DOE funding: up to \$9 million)

Tags:

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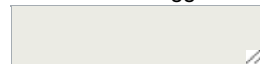
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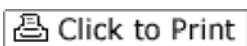
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There is little doubt in my mind that algae will play a role in biofuels in the future. Last year, I ran a patent landscape and found about 8800+ relevant patents. So, this area is not small and it is active. It is good to see the interest. Even more important it is good to see the NEW technology roadmap to guide thinking about the area!

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Alex speeds up, eyes Brownsville

[By Lynn Brezosky](#) - Express-News

Web Posted: 06/29/2010 12:27 CDT



Ninety-seven buses are being fueled and inspected for maintenance in the AT&T Center parking lot in San Antonio in preparation for Alex evacuations. Ivan Pierre Aguirre/Express-News

BROWNSVILLE — Rio Grande Valley residents boarded up windows, filled gas tanks and stared at TV radar images of Tropical Storm Alex as it barreled their way Tuesday.

As of midmorning, storm models showed Alex heading toward northern Mexico, which would put its topside in a good position to whip heavy winds and rain over Brownsville — a bad scenario for the Valley's most populous city.

Cameron County Judge Carlos Cascos anticipated flooding and power outages.

"I think it's going to be like another Dolly," he said, referring to the 2008 storm that devastated low-lying areas of a region that, unlike this time, was already saturated by heavy rain. It took weeks to restore full power to the region, and the aftermath had residents lining up for food and water.

Workers were cleaning drainage ditches and pre-positioning water pumps. Cascos ordered a road and beaches on South Padre Island's northern end closed due to high tides and dangerous conditions.

On Monday, he had called for a voluntary evacuation of high-profile vehicles from county-maintained beach

6/29/2010

Alex speeds up, eyes Brownsville

areas, while South Padre's mayor, Bob Pinkerton, said residents and visitors should relocate. A steady stream of RVs and campers were crossing the Queen Isabella Causeway from the island to Port Isabel and points west and north as wind created whitecaps on the normally placid Laguna Madre.


National Weather Service forecaster Jim Campbell said the good news was that Alex was moving faster rather than hovering and gathering power. He predicted a Category 1 hurricane making landfall at about 9 p.m. Wednesday, with Brownsville catching a lot of wind and water but dodging the dangerous eye wall.

Dan Quandt, spokesman for the island's Convention and Visitors bureau, said the latest forecasts meant there would be no mandatory evacuation. He said that while Dolly had torn roofs off hotels and ruined vacations, there had been only one injury when a youth got blown off a balcony.

"What we've seen so much, in terms of leaving, are mostly people leaving with boats and high-profile vehicles," he said. "The main thing we learned from Dolly was that in general our emergency plan from the city worked."

Find this article at:

http://www.mysanantonio.com/news/weather/alex_speeds_up_eyes_brownsville_97403284.html?showFullArticle=y

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Dallas-area contingent heads to Gulf Coast as Tropical Storm Alex bears down

11:04 AM CT

12:48 PM CDT on Tuesday, June 29, 2010

By TARYN LUNA / The Dallas Morning News
tluna@dallasnews.com

With near-hurricane-force winds bearing down on South Texas today, Dallas Fire-Rescue has sent a 43-person task force to the Gulf Coast to help prepare for the storm.

Tropical Storm Alex is expected to become the season's first named hurricane before making landfall overnight near the Texas-Mexico border, according to the [National Hurricane Center](#).

The local team, which departed at 5:30 this morning, was joined by representatives from the [Dallas-Fort Worth International Airport](#) and Commerce fire departments, as well as a member of Dallas' emergency management department.

They will operate from [Texas A&M University](#) of Kingsville, southwest of Corpus Christi, Dallas Fire-Rescue spokesman Jason Evans said. He said there is no set return date for the team.

Alex had sustained winds of 70 mph this morning, but officials with the hurricane center said it could strengthen into a Category 3 hurricane, with sustained winds of 130 mph, by the time it reaches the coast.



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Jun 29, 8:45 AM EDT

Strengthening Alex expected to become hurricane

By [MIGUEL ANGEL HERNANDEZ](#)

Associated Press Writer

VILLAHERMOSA, Mexico (AP) -- A strengthening Tropical Storm Alex was expected to become a hurricane Tuesday as it swirled toward the Gulf coast of northern Mexico and southern Texas, where authorities were readying emergency shelters and distributing sandbags.

Forecasters said the storm's likely path would take it away from the site of the huge Gulf of Mexico oil spill off Louisiana's coast, but added that it might push oil farther inland and disrupt cleanup efforts.

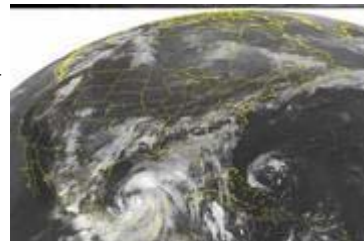
Alex had maximum sustained winds near 70 mph (110 kph) early Tuesday, and the U.S. National Hurricane Center in Miami, Florida, predicted the storm would grow into a hurricane sometime Tuesday as it headed toward the U.S.-Mexico border at the mouth of the Rio Grande. Landfall seemed likely Wednesday night.

Forecaster Todd Kimberlain said conditions Monday led the center to conclude the storm would be a less powerful hurricane than initially thought.

Tropical storm-force winds extended up to 105 miles (165 kilometers) from the storm's center, and Alex was moving toward the northwest at 12 mph (20 kph).

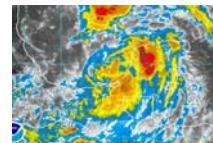
A hurricane warning was posted for the Texas coast from Baffin Bay, 100 miles (160 kilometers) south to the mouth of the Rio Grande river; and for an additional 225 miles (360 kilometers) south to La Cruz, Mexico. Except for the border area itself, both regions are lightly populated.

Workers along the South Texas coast were clearing drainage ditches, filling sandbags and positioning heavy equipment and water pumps as well as preparing emergency shelters. Some cities also handed out sandbags to residents and urged people to

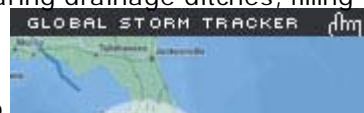


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make preparations.

Mexico's Gulf coast braced for heavy rains like those that fell on southern areas and parts of Central America earlier.

"It is a fact we are going to get very heavy rains," said Gov. Fidel Herrera of the Gulf coast state of Veracruz.

Forecasters said rain from Alex would keep falling on southern Mexico and Guatemala into Tuesday, raising the possibility of life-threatening floods and mudslides

The hurricane center estimated that Alex would dump five to 10 inches (12.5 to 25 centimeters) of rain over portions of northeastern Mexico and southern Texas over the next few days.

Heavy rains in Mexico's southern Gulf coast state of Tabasco forced the evacuation of about 300 families from communities near the Usumacinta river.

Alex caused flooding and mudslides that caused at least five deaths in Central America over the weekend, though Belize and Mexico's Yucatan Peninsula appeared largely unscathed.

The storm made landfall in Belize on Saturday night as a tropical storm and weakened into a depression on Sunday as it crossed the Yucatan Peninsula.

When Alex became the first named storm of the Atlantic hurricane season, officials immediately worried what effect it could have on efforts to contain the millions of gallons (liters) of crude spewing into the northeastern part of the Gulf.

A cap has been placed over the blown-out undersea well, directing some of the oil to a surface ship where it is being collected or burned. Other ships are drilling two relief wells, projected to be done by August, which are considered the best hope to stop the leak.

Stacy Stewart, senior hurricane specialist at the U.S. hurricane center, said Monday that Alex's center wasn't expected to approach the oil spill site, but the storm's outer wind field could push more oil onto land and hinder operations in the area.

Alex was centered about 460 miles (735 kilometers) southeast of Brownsville, Texas, on Tuesday. Its rains could reach Veracruz and the border state of Tamaulipas late Tuesday or Wednesday, the hurricane center said.

Associated Press Writers David Fischer in Miami, Florida, and Sofia Mannos in Washington contributed to this report.

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Storm Alex nears hurricane strength in Gulf of Mexico

12:01pm EDT

MEXICO CITY, Mexico (Reuters) - Tropical Storm Alex was close to hurricane strength in the Gulf of Mexico on Tuesday but it remained on a track north of Mexican energy platforms and far southwest of U.S. fields, further easing concerns in the oil market over supply disruption.

Alex, the first named storm of the Atlantic hurricane season, was forecast to move slowly away from the Yucatan Peninsula over southern Gulf waters and curl northwest away from major oil-extraction facilities to hit the coast of southern Texas or northern Mexico around mid-week.

As worries over oil field disruption eased, U.S. oil prices traded down more than 3 percent to below \$76 a barrel. But a string of oil companies evacuated some or all workers from platforms near Alex's path.

The storm was not expected to damage oil capture systems that BP Plc has mounted over its huge Gulf oil spill, or interrupt the company's plans to drill a pair of relief wells intended to plug the leak by August, a BP executive told reporters in Houston.

But waves as high as 12 feet would delay plans to hook up a third oil capture system, said Kent Wells, BP executive vice president.

As a precautionary measure Hess Corp said it was evacuating all personnel from its "Bald Pate" platform in the Gulf of Mexico ahead of the storm.

Shell Oil Co, Exxon Mobil Corp, Anadarko Petroleum Corp, Marathon Oil Corp and Apache Corp evacuated nonessential workers from platforms near Alex's path.

Shell also shut subsea production at the Auger and Brutus platforms over the weekend that produce 210,000 barrels per day while Marathon halted production at its Ewing Banks platform which produces 9,700 bpd.

Valero Energy Corp said on Tuesday it had begun placing emergency supplies at refineries and retail outlets along the Gulf coast ahead of Alex but had not altered production at any of its facilities.

Alex was packing sustained winds of about 70 mph and was located about 355 miles southeast of Brownsville, Texas. It was moving north-northwest at 12 mph, the U.S. National Hurricane Center said at 11 a.m.

EDT/1500 GMT.

Forecasters expected Alex to become a hurricane later in the day and hit land on Wednesday night, bringing 6 to 12 inches of rain to northeastern Mexico and southern Texas as well as dangerous storm surges along the coast.

Officials in South Texas readied rescue vehicles, shelters in San Antonio and Laredo and rushed supplies to the Rio Grande Valley.

Bob Pinkerton, mayor of South Padre Island, a coastal community where the entire economy rests on tourism, urged residents and visitors to evacuate.

Texas Governor Rick Perry on Monday issued a disaster proclamation for 19 counties, and ordered rescue boats, helicopters and other assets moved to the state's southernmost communities.

A hurricane warning was in effect for the coast of Texas south of Baffin Bay to the mouth of the Rio Grande, and along the coast of Mexico from the Rio Grande to La Cruz.

SOME MEXICAN PORTS CLOSED



Dos Bocas and Cayo Arcas, which handle 80 percent of Mexico's oil export shipping in the Gulf, have been closed since Sunday due to strong surf in the area.

State-run oil giant Pemex said its platforms in the Campeche Sound were working normally on Monday although it suspended helicopter flights to and from the facilities. Pemex was due to release an update later on Tuesday.

Pemex said it was monitoring wind and surf conditions. Alex. Its Isla del Carmen port, not essential for oil shipments, has been closed since Sunday night.

Barbara Blakely, a spokeswoman for Shell, told Reuters on Monday the company was closely monitoring Alex's advance in the Gulf but that its LNG plant in Altamira, Mexico was working as usual.

At least 10 people have been killed in Central America since the weekend in accidents related to Alex, local authorities reported.

The Atlantic hurricane season runs from June 1 to Nov 30 and meteorologists predict this year will be a very active one. Hurricanes feed on warm water and the sea surface temperatures in the tropical Atlantic are higher than usual this year.

(Additional reporting by Cynthia Barrera Diaz in Mexico City, Ana Driver in Houston, Jose Cortazar in Cancun, Nelson Renteria in El Salvador, Sarah Grainger in Guatemala, Ivan Castro in Nicaragua; Editing by [Frances Kerry](#))

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Pipeline explosion west of Pocasset injures three

by: ROBERT MEDLEY NewsOK.com

Tuesday, June 29, 2010

6/29/2010 2:09:09 PM

POCASSET — Three people were injured this morning, one critically, in a natural gas pipeline explosion near Pocasset. The fire is now under control, said Dale Thompson, Grady County emergency management director.

Grady County Sheriff Art Kell said one of the injured workers was taken by helicopter in critical condition to an Oklahoma City hospital, and the other two were taken to a hospital by ambulance. He said their medical conditions apparently were not critical.

Oklahoma Corporation Commission spokesman Matt Skinner told the Associated Press the pipeline belongs to Enogex LLC. The explosion occurred while a crew was working on a device that removes water from the line.

Kell said one worker was working at a valve doing a "bleed off," and the other two workers pulled him away after the explosion. The gas company will let the remaining gas bleed out of the line before making repairs and completing the investigation into the cause of the explosion, the sheriff said.

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Associate Images:



Three people were injured this morning, one critically, in a natural gas pipeline explosion near Pocasset. JERRY PITTMAN/NewsOK.com

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Obama presses for price on carbon in energy bill

1:10pm EDT

WASHINGTON (Reuters) - President Barack Obama urged lawmakers to put a price on carbon pollution in a climate and energy bill that is currently stalled in the Senate, the authors of the bill said after a White House meeting on Tuesday.

Senator Joe Lieberman, an independent who wrote the legislation with Democrat John Kerry, said previously-reluctant senators at the meeting said they would work with him and Kerry and expressed willingness to discuss "limited forms" of carbon pricing.

Putting a price on carbon means requiring companies to pay for the earth-warming carbon dioxide emissions they produce.



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Daily Environment ReportTM

Source: Daily Environment Report: News Archive > 2010 > June > 06/29/2010 > News > Drilling: Study of Hydraulic Fracturing Should Focus On Clarifying Exposure Risk, Advisers Say

123 DEN A-4

Drilling

Study of Hydraulic Fracturing Should Focus On Clarifying Exposure Risk, Advisers Say

The Environmental Protection Agency should approach its study of hydraulic fracturing in oil and natural gas wells with a particular emphasis on the sources and pathways that might allow fracturing fluids to contaminate drinking water, according to a report from the EPA Science Advisory Board.

The board's June 24 *Advisory Report on EPA's Research Scoping Document Related to Hydraulic Fracturing* summarized the EPA study plan as a reasonable one, but it recommended that EPA "develop a preliminary risk-based research prioritization approach." Such an approach would allow the study to focus on characterizing the risk of human and ecological exposure to fracturing fluids "rather than on concerns common to all oil and gas production activities."

"The SAB recommends using a lifecycle framework, without actually performing a formal lifecycle assessment," the advisory report said. The recommendation reflected the opinion of the SAB Environmental Engineering Committee that EPA did not have time to do a full lifecycle assessment in the time it has allotted for the study (67 DEN A-10, 4/9/10).

Hydraulic fracturing, or "fracking," forces water and sand plus chemical additives into rock strata to create and widen fractures that allow hydrocarbons to flow to a well. Activists have suggested that the process threatens drinking water wells and have argued that the process may need to be regulated under the Safe Drinking Water Act, from which it now is exempt. Industry and state regulators have said there are no cases of hydraulic fracturing harming drinking water.

Members of Congress asked EPA to study the matter, using a Fiscal Year 2010 Appropriation Conference Committee directive to the agency. EPA set a deadline of Dec. 31, 2012, for initial research products (52 DEN A-1, 3/19/10).

Narrow Focus, Adjusted for Risk

The Science Advisory Board recommended that EPA focus its study by emphasizing "human health and environmental concerns that are specific to or significantly influenced by hydraulic fracturing."

The board said a preliminary risk-based prioritization approach could provide the information necessary for characterizing exposure risks, and that the approach "would be adjusted after sources and pathways of possible exposure are much better understood."

The board said significantly greater information was needed "on the occurrence, volume, composition, treatability and/or disposal of hydraulic fracturing source fluids, flowback water, and produced water that is co-mingled with the flowback water, and the sources of the constituents."

EPA should consider performing in-depth case studies at five to 10 locations selected to represent the full range of regional variability of hydraulic fracturing across the nation, the board said.

The board also recommended pulling together "a balanced, collaborative advisory group of stakeholders representing a broad range of perspectives, and engaging with this stakeholder group throughout the research process."

By Alan Kovski

The EPA Science Advisory Board's Advisory Report on EPA's Research Scoping Document Related to Hydraulic Fracturing is available at
<http://yosemite.epa.gov/sab/sabproduct.nsf/WebBOARD/recentadditions> by selected the



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BUSINESS | JUNE 29, 2010, 1:14 P.M. ET

Appeals Court Rejects GE Challenge to Superfund Law

By BRENT KENDALL

WASHINGTON—A federal appeals court Tuesday rejected [General Electric Co.](#)'s constitutional challenge to part of the federal Superfund law that gives the Environmental Protection Agency the power to order companies to clean up sites contaminated with hazardous waste.

The U.S. Court of Appeals for the District of Columbia Circuit ruled unanimously that the Superfund law didn't violate GE's constitutional due-process rights.

GE, which has been subject to several cleanup orders, had argued that the law violated companies' constitutional rights because they have no meaningful opportunity to contest the EPA's cleanup orders before they are issued. GE also argued that companies' have little choice but to comply with a cleanup order because the potential financial costs of noncompliance are very high.

The Justice Department argued in response that the EPA gives companies multiple chances to present their positions to the agency before it makes the decision to issue cleanup orders. The department said EPA issues the orders instead of suing the companies first because it is a quicker way to get hazardous sites cleaned up.

Siding with the government, the D.C. Circuit, in an opinion by Judge David Tatel, said the Superfund law satisfies due-process requirements because a company can refuse to comply with a cleanup order and force the EPA to sue in court.

Judge Tatel said the potential consequences of a cleanup order, such as a drop in the company's stock price or harm to the company's reputation, result not from the EPA's order but from market reactions to it.

GE's concerns didn't implicate the constitutionality of the law "or of the policies and practices by which EPA implements it," Judge Tatel said.

Write to Brent Kendall at brent.kendall@dowjones.com

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THE HILL'S Energy & Environment Blog

Obama to senators: Include carbon limits in energy package

By Ben Geman and Darren Goode - 06/29/10 01:38 PM ET

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Leading Senate advocates of climate change legislation emerged from a White House meeting proclaiming President Barack Obama offered firm support for including greenhouse gas curbs in the broad energy package slated for Senate debate this summer.

"The president was very clear about putting a price on carbon and limiting greenhouse gas emissions," Sen. John Kerry (D-Mass.) said outside the White House after the 90-minute meeting between Obama and a bipartisan group of about 20 senators.

Carbon pricing is shorthand for cap-and-trade or other methods for creating a cost for emitting greenhouse gases.

"[Obama] was very strong about the need to put a price on carbon and make polluters pay," said Sen. Joe Lieberman (I-Conn.), who authored a sweeping climate and energy bill with Kerry.

But the White House, in a statement after the meeting, offered a more cautious take on the president's push for carbon provisions, noting he is open to other approaches that do not price carbon.

Obama told the senators that "he still believes the best way for us to transition to a clean energy economy is with a bill that makes clean energy the profitable kind of energy for America's businesses by putting a price on pollution."

But the White House statement then adds: "Not all of the Senators agreed with this approach, and the President welcomed other approaches and ideas that would take real steps to reduce our dependence on oil, create jobs, strengthen our national security and reduce the pollution in our atmosphere."

"The President said that there was a strong foundation and consensus on some key policies and the President urged the Senators to come together based on that foundation. There was agreement on the sense of urgency required to move forward with legislation and the President is confident that we will be able to get something done this year," the White House said.

The strength of the White House push for climate provisions will help determine whether such provisions — which face widespread GOP resistance and skepticism from several Democrats — will be in the mix in the energy package. Kerry and Lieberman also said they are offering to compromise and scale back the reach of their bill.

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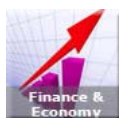


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Senior Republicans who took part in the meeting continued to attack climate provisions they have dubbed a “national energy tax.”

Sen. Lamar Alexander (R-Tenn.), the chairman of the Senate GOP conference, said Republicans would work with the White House on legislation to boost electric vehicles, nuclear power, and energy research and development.

“If we want a clean energy bill, take a national energy tax off the table,” Alexander said after the meeting. “As long as we take a national energy tax off the table, there’s no reason we can’t have clean energy legislation.”

He also said that “priority one, two and three for any meeting on energy is to make sure we give the President whatever he needs to clean up the oil spill and to help people who are hurt and to make sure it doesn’t happen again.”

Kerry and Lieberman said they are willing to scale back the scope of their climate plan, which as written would impose limits on electric power plants, manufacturers, transportation fuels and other sources.

“We are prepared to scale back the reach of our legislation in order to try and find that place of compromise because we believe and I think the president believes very strongly that what is important is for America to get started,” Kerry said.

Lieberman said that some lawmakers – whom he did not name – indicated a new willingness at the meeting to consider carbon emissions provisions.

“Some of our colleagues who up until this time have been at least publicly reluctant about . . . putting a price on carbon pollution said they would be willing to discuss limited forms of doing that in this bill,” he said. “To me that is a breakthrough that Senator Kerry and I want to take advantage of by sitting and talking with those colleagues across party lines as quickly as we can.”

Some lawmakers have suggested limiting a climate bill to only electric power plants.

“There are any number of variations on how we could do that. That would certainly be one of them,” Kerry said of a utility-focused plan.

Sen. Tom Carper (D-Del.) said after the meeting there is a growing willingness among senators to focus just on electric utilities in a carbon pricing plan.

According to Carper, Obama said “he thinks it’s important to send a price signal on carbon,” but he also encouraged the senators to “aim high but at the end of the day hit something, and to hit a sweet spot.”

“Not every Republican’s interested in doing that, I think several are,” Carper said of a plan focused on utilities.

Centrist Republican Sens. Lindsey Graham (S.C.) and Olympia Snowe (Maine) have voiced support for that scaled-back pricing strategy. Snowe attended the White House meeting; Graham did not.

“The question is, do we get started or do we wait until next year to do something?” Carper said. “There’s a real eagerness to get started.”

Carper described one potential way to reach the legislative “sweet spot”: Take the broad energy bill passed last year by the Senate Energy and Natural Resources Committee “with some tweaks,” and offer a series of amendments.

Those amendments could include a utility-only carbon plan, fuel efficiency increases from Sen. Richard Lugar (R-Ind.), a bipartisan plan to increase the production of plug-in electric vehicles, and tax provisions to incentivize green energy manufacturing, he said.

Obama to senators: Include carbon limits in energy package

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Texas preps emergency weather response for Alex

By CHRISTOPHER SHERMAN (AP) – 1 hour ago

BROWNSVILLE, Texas — Crews are clearing roadside ditches and boarding up windows in south Texas where residents and officials are learning they will have less time than expected to prepare for Alex before the storm hits Texas' Gulf Coast.

National Weather Service official Mark Fox told state and local officials that Alex is expected to make landfall in northern Mexico and southern Texas as a Category 1 hurricane as early as 7 p.m. Wednesday. That is about 12 hours earlier than previously forecast.

Brownsville Mayor Pat Ahumada has warned city residents that Alex would be tougher than July 2008's Hurricane Dolly, bringing more rain and stronger winds. He said Tuesday that this is a "very dangerous storm" and shouldn't be taken lightly.

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Mart Issues Boil Water Notice

A Central Texas town has issued a boil order notice effective immediately because of an electrical malfunction at its water plant.

MART (June 29, 2010)-The City of Mart has issued a boil water notice, effective immediately, because of an electrical malfunction at its water plant.

The notice affects all addresses inside the city limits of Mart, including the Texas Youth Commission facility and Calvary Eskew.

City water department officials say the water system is experiencing low chlorine residual because of the electrical problem.

Residents inside the city limits are advised to boil their tap water for at least two minutes prior to its use.

The notice was required by the Texas Commission on Environmental Quality.

TCEQ recommendations say to ensure the destruction of harmful bacteria and other microbes, water for drinking, cooking and ice making should be boiled and cooled prior to consumption.

The commission says the water should be brought to a vigorous, rolling boil and boiled for two minutes.

In lieu of boiling, the commission suggests residents purchase bottled water or obtain water from some other suitable source.

The City of Mart will notify its residents when it is no longer necessary to boil the water.

Residents with questions can contact the city water office at (254) 876-2462 between the hours of 8 a.m. and 5 p.m.

Find this article at:

<http://www.kwtx.com/news/headlines/97381384.html?ref=384>

Star-Telegram

Texas reworking plan for radioactive waste shipments

Posted Tuesday, Jun. 29, 2010

BY ANNA M. TINSLEY

atinsley@star-telegram.com

A plan to potentially let 36 states ship radioactive waste to West Texas -- loads that likely would pass through North Texas on major highways and railroads -- is being revamped by state officials.

This month, members of the Texas Low-Level Radioactive Waste Disposal Compact Commission took down proposed rules that could have allowed dozens of states to send low-level waste to a site in Andrews County. Environmentalists and state lawmakers were among those expressing concerns about leakage, contamination and the safety of communities along shipping routes.

"The rules were withdrawn," said Margaret Henderson, interim executive director of the commission. "There had been a number of public comments. [Commissioners] will be going through them and considering" what to include in a new version of proposed rules, she said.

As commissioners consider new rules, the disposal site -- run by Waste Control Specialists and owned by Dallas billionaire Harold Simmons, a major Republican donor -- faces a violation notice for storing a concrete canister filled with low-level radioactive material for longer than allowed.

The commission is working to determine how the company should deal with the violation. It is also setting new rules on what materials are accepted at the West Texas site and whether other states can apply to send their low-level radioactive waste there.

No date has been set for the commission's next meeting, and no timetable set for when the reworked rules will be released to the public, Henderson said.

Waste disposal

The Andrews County site is on top of layers of red bed clay in a sparsely populated area north of Odessa. It has had a hazardous-waste disposal permit since 1997.

State environmental officials have already agreed to let the site accept low-level waste from Texas -- including from two nuclear plants, Comanche Peak near Glen Rose and the South Texas project in Matagorda County -- as well as from Vermont and federal sources.

Now the question is how many other states can apply to send their waste there. The commission has twice delayed voting on a proposal that could open the site to at least 36 other states.

After new rules are written, they must be republished in the *Texas Register* for at least 30 days, and the public must have at least 30 days to comment before a vote occurs.

State Rep. Lon Burnam, who has expressed concerns about contamination in the North Texas communities the waste would pass through, is skeptical about what happens next.

"I think it's natural for the activists who had a lot of concerns to feel like we have had a temporary reprieve, but that's a too-narrow focus," said Burnam, D-Fort Worth. "They got bombarded with critical commentary that they are supposed to process and take into consideration.

"It's clearly our responsibility to manage our waste and our sister's waste from Vermont. It is not our responsibility to

become the nation's nuclear waste dump."

Burnam said he thinks politics will delay the new rules for several months.

"I don't think anyone is going to know what the new rules include until after the [November] election," he said.

Shipments would include items such as beakers, soil, gloves, test tubes and hospital equipment that have come in contact with radioactive material. They would be shipped on trucks or trains, many passing through the Metroplex on a regular basis.

Violation notice

Texas Commission on Environmental Quality officials have said the site will receive a violation notice for storing the canister of radioactive material for more than a year, as allowed under a license granted to Waste Control Specialists.

State inspectors recently found cracks on an asphalt pad near where the canisters sit. Waste Control Specialists officials say the cracks were repaired last month and were "superficial." But inspectors want the company to turn over information about the status of the pad's condition and how it was built.

Meanwhile, preparation continues at the site to break ground on the disposal facility. Officials have said it will take nearly a year to prepare the collection area.

Its size will depend on licensing requirements, financing and what rule the commission passes, company spokesman Rickey Dailey said. Company officials have said they didn't mind the commission's delay.

This report includes material from The Associated Press.

ANNA M. TINSLEY, 817-390-7610

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Lake O' the Pines beach, swim areas to remain closed

Activities in jeopardy for July 4th weekend

Posted: Tuesday, June 29, 2010 12:23 am | Updated: 11:10 am, Tue Jun 29, 2010.

By Glenn Evans gevans@news-journal.com |

The beaches and designated swimming areas at Lake O' the Pines will remain closed through Thursday, and the Fourth of July weekend is in jeopardy of having the areas closed, the lake manager reported Monday.

Meanwhile, state environmental regulators were awaiting results of E. coli testing in the main body of the lake. Staff from the Texas Commission on Environmental Quality office in Tyler took water samples outside the swimming areas this past Thursday.

The announcement of continued closure of the swimming areas came Monday as the U.S. Army Corps of Engineers gathered fresh water samples to be checked for fecal contamination. Unhealthy levels of the bacteria, fecal coliform, prompted the corps to close all seven designated swimming areas at the lake 10 days ago.

Reservoir Manager Bobby Hamrick said high contaminant readings have closed the beaches before, but never for this duration.

"We've never been here before," Hamrick said. "So it's all new to us. The bottom line — in regards to our regulations, the beaches are still closed. And we tested today, and we'll get those results back Thursday, and if they don't meet the standard it appears the beaches are going to be closed for the Fourth of July."

A spokesman for the Corps of Engineers regional headquarters in Fort Worth stressed that the rest of the lake is open for boating, skiing, fishing and other recreational use. Spokesman Clay Church could not address whether water outside the Corps swimming areas is safe.

"The Corps of Engineers owns the vessel, the actual lake that the water is in," Church said. "The water belongs to the state of Texas. All I can talk about is those areas we are responsible for."

The Texas Commission on Environmental Quality is responsible for water quality in the rest of the lake, spokeswoman Andrea Morrow said Monday. She said results from samples taken last week from the lake outside the swimming areas were not available.

"We did testing for the seven swimming beaches for the Corps," she said. "We also did some other tests, surface water quality testing, from the lake, but that data has not been fully vetted by the lab yet."

Morrow said the state health department would issue appropriate advisories, warnings or outright bans at the lake if those results show high levels of E. coli bacteria outside the swimming areas.

The two agencies' tests are slightly different. The corps of engineers tests for fecal coliform, the bodily wastes of humans and animals. The state tests for E. coli, which is considered an indicator bacteria because its detection suggests the presence of a range of bacterial contaminants including fecal coliform.

Reports of contamination at the beach have put marina owners and the rest of the tourism-dependent Lake O' the Pines community on edge.

On the north shore, fishing guide Bubba Romine said traffic on the lake is low.

"It has hurt everybody," he said. "Last week, I saw probably five boats. And this (past) weekend, we probably had, oh, eight or nine a day counting Sea-Doos (personal watercraft). Friends of mine that were going to rent places there, they called and cancelled ... from Oklahoma City and Houston and everywhere."

Romine probably doesn't know Randy Griffin, a Dallas resident who had been planning a family weekend on the lake he found through an online search.

"I've never been there at all," he said. "We're renting an RV, and we've never done anything like this before so we said, Let's do it."

That was before he learned of the closures on the Corps of Engineers website and searched for newspaper articles.

"I've got a 3-year-old, and that's a little much," he said. "You run a risk, because she's going to swallow water. We cancelled our reservation and found another lake we're going to go to."

Johnson Creek Marina Assistant Manager Sue Cook reported no one cancelled cabin reservations by Monday afternoon.

"We're all booked up for the Fourth of July," she said, taking the opportunity to pitch a free fireworks show after sundown Saturday. "Our barges are going out. We're all booked up for the Fourth of July. ... Cross your fingers for us."

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- **IMAGE:** Lake O' the Pines beaches remain closed for E coli

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Airline food inspections show some unsanitary conditions

BY SONYA COLBERG  0

Published: June 29, 2010

Some airline food has the potential to crash and burn in travelers' stomachs, inspection reports suggest.

Live roaches, signs of mice and flies at some caterers' kitchens were found during inspections by the Food and Drug Administration. Other findings include preparers not washing their hands, dirty equipment and food not stored at the right temperature.

"Ugh. That has me a little worried," Justin Wallis, of Edmond, said when told about the roaches.

He said that whenever he flies now, he'll take his own snacks and extra sanitizer to wipe down soda cans and snack wrappers.

The last two years of inspections for the three major airline caterers, LSG Sky Chefs, Gate Gourmet and Flying Food Group, were obtained by USA Today. The caterers provide more than 100 million meals yearly for most big airlines, including Delta, American and United. The companies said safety is of utmost importance and they have already taken care of deficiencies or are working on them.

FDA inspectors visited the 91 kitchens operated by the caterers and found suspected food-preparation violations or bad practices in 27 kitchens.

In one case, an inspector saw a live mouse and rodent feces under a pallet of food and in other areas at an LSG Sky Chefs kitchen.

Sky Chefs in Oklahoma City closed about a decade ago. City-county health officials remember it as a clean, well-run business, but it did get an FDA warning letter in 1996 for violations such as potentially hazardous food stored at the wrong temperature, debris on equipment and a too cool final rinse in the dishwasher.

At the company's Denver location some six months ago, inspectors noted live roaches and "too numerous to count" cockroach carcasses, though the consumer protection director with the Oklahoma Health Department, Tressa Madden, said the presence of

carcasses indicates the insects were being sprayed.

Noroviruses can be a common issue whenever food is prepared under unsanitary conditions, Madden said. The viruses are highly contagious and responsible for up to 50 percent of all food-borne outbreaks and about 23 million illnesses yearly.

Cold foods such as salads and sandwiches are especially risky, Centers for Disease Control and Prevention reports.

Sky Chefs also got cited over listeria, a hardy bacterium found under unsanitary conditions, inappropriate food temperatures or buggy conditions.

"Listeria is kind of a nasty bugger," said Mike Rockey, Oklahoma City-County Health Department senior environmental specialist. He recalled that a local lunch meat company had to dump about 18 semitrailer loads of meat at a landfill when listeria was discovered several years ago.

The listeria infection can cause a mild illness but also can lead to early delivery in pregnant women, stillbirths and fetal infections, as well as renal problems in people with deficient immune systems.

Sky Chef didn't immediately respond to a request for comment.

Gate Gourmet said the company has retained an independent auditor, is monitoring operating procedures and taking other measures. It said the goal is meeting or exceeding food safety regulations daily.

Flying Food Group said the company has already replaced an ice machine with a corroded door at a Los Angeles location. And a \$32 million catering facility has replaced the former JFK Airport facility in New York that resulted in a violation 10 years ago.

Along with FDA inspections, American Airlines operates its own kitchen evaluation program and conducts unannounced inspections of their caterers, the airlines said in a statement.

Meals are not loaded onto airliners in Oklahoma because of the decline several years ago in long-haul flights from here, said Will Rogers World Airport spokeswoman Karen Carney.

International flights and flights out of hubs in bigger cities are a different matter. Frequent flier Joshua Harlow of Oklahoma City said the issues in inspections may be isolated incidents, though he may watch what he eats onboard a little more closely.

"But because of this report it'll probably be the safest food you'll ever eat now," Harlow said.

Madden said she never accepts soft drinks on airplanes because she sees attendants pour drinks and then pick up trash apparently without ever washing their hands.

She recommends travelers eat whatever is prepackaged but to avoid raw foods such as fresh fruit or vegetables. If hot food is lukewarm, it should be sent back and reheated. She said she prefers to eat before she boards a plane and keep the receipts for documentation, should she become ill.

Madden said any Oklahoman who suffers significant gastrointestinal sickness after flying may call the acute disease service at the state Health Department at 271-4060.

State health departments and the FDA can use travelers' calls to investigate whether airline food might have caused the problem and take appropriate measures.

Experts say it can take from a couple of hours to a couple of days before symptoms of a food borne illness develop. But there are sometimes some tipoffs.

"If you notice something off-flavor or off-odor, ask for a different meal," or fill up on packaged snacks, Rockey said. "Don't think it will be all right."



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Composting worth boasting about

Published: Tuesday, June 29, 2010 5:18 PM CDT

While composting isn't the sexiest part of landscaping, there are definite economic and environmental advantages to doing it, said Texas AgriLife Extension Service and other experts.

SAN ANTONIO - While composting isn't the sexiest part of landscaping, there are definite economic and environmental advantages to doing it, said Texas AgriLife Extension Service and other experts.

"Making your own backyard compost bin or using commercially produced compost reduces landfill use and waste transportation costs," said David Rodriguez, AgriLife Extension agent for horticulture in Bexar County. "It also helps preserve soil moisture, which is especially important during a drought, along with helping prevent soil erosion." According to the Texas Commission on Environmental Quality, the state's residents use an estimated 15 million cubic yards in landfill space and pay about \$150 million in landfill costs each year. The commission also estimates that more than 5 million tons of yard trimmings and other organic materials are tossed into the state's landfills annually.

The Environmental Protection Agency estimates that more than one-quarter of the nation's municipal waste is organic material that could be used for composting.

Composting provides environmental benefits across the board relating to air, water and soil quality, said Mike Lindner, team leader for pollution prevention and education for the environmental quality commission.

"Green" and "brown" organic waste materials, including grass clippings, leaves, twigs, branches, vegetable and fruit scraps, even coffee grounds, can be used to make compost, Rodriguez said.

"It's pretty easy to start a compost pile in your backyard," he said. "All you really need is the raw material and a shovel or pitchfork, garden hose and a compost bin, he said. "The bin holding the composting material can be wire or plastic, or a you can just spread out sheet of burlap or a tarp and start a compost pile on that."

Rodriguez is such a proponent of composting that recently he held the first statewide Master Gardener "specialist" training on this subject in San Antonio.

"Master Gardeners belong to volunteer horticulture programs throughout the state administered by the Texas AgriLife Extension Service office in their respective counties," he explained.

Rodriguez said the three-day training was attended by 23 Texas Master Gardeners representing Bexar, Blanco, Collin, Gillespie, Guadalupe, Hayes, Hidalgo, Kerr, Liberty, Parker, Tarrant, Taylor and Travis counties. Along with receiving instruction on topics including composting basics, building a composting bin, soil biology, vermiculture (composting using worms) and

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biosolids, the group took a tour of the New Earth composting facility in eastern Bexar County, one of the largest single-site composting facilities in the U.S.

"This training gave us the expertise to go back into our respective counties and communities to educate people on the use of composting and making a backyard compost bin or pile, or at least for people to buy compost for landscape nutrition, water conservation and soil preservation," said Mary Hoffer, a six-year Master Gardener from Collin County who took the training.

"We recycle for beneficial reuse more than 1million pounds of organic material every day," said Clayton Leonard, president of New Earth Inc., which also has a facility in the Houston area. "Adding organic matter to soil also helps with plant disease suppression in addition to providing plant, flower and shrub nutrition."

Leonard said container growers have told him they benefit from adding compost to their regular potting soils and that homeowners also benefit from using it as a top-dressing for grass or as a supplement to flower and shrub bedding.

While there are many private commercial composting operations in the state, some Texas cities have established municipal composting operations to help address landfill issues and generate income. Austin, McAllen, Texarkana, Plano, Denton and other towns collect and process organic materials from which they produce compost to sell commercially. Collectively, this means hundreds of thousands of dollars of savings in landfill costs combined with hundreds of thousands of dollars of income generated by these municipalities annually, according to operational data.

"We take in organic vegetative materials from member towns of Allen, Frisco, McKinney, Richardson and Plano and turn that feedstock into compost at our facility in Melissa," said Sherrian Jones, division manger for composting operations for the city of Plano.

Jones, whose facility is built on North Texas Municipal Water District property, said diverting such materials from landfills for use as a soil amendment helps ensure water quality, including reducing instances of algae bloom in the municipal water treatment facilities, she added.

Jones said each year the Melissa operation takes in more than 250,000 cubic yards of organic feedstock and sells more than 100,000 cubic yards of compost under the brand name Texas Pure.

"The most important thing about using soil mixed with compost is that it makes it possible to garden in (many parts of) Texas," added Jones, also a Master Gardener.

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Proposed oil pipeline to Texas raises worries

Critics raise questions about environmental cost of Canadian tar sands product

By **MATTHEW TRESAUGUE** Copyright 2010 Houston Chronicle
June 28, 2010, 10:18PM

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Pipe in

The deadline is Friday for public comment on the State Department's environmental assessment of the Keystone XL pipeline. To comment:

• **By mail:** Elizabeth Orlando, Keystone XL Project Manager, U.S. Department of State, OES/ENV Room 2657, Washington, DC 20520

• **By fax:** (202) 647-1052

• **Online:** www.keystonepipeline-xl.state.gov

Source: U.S. State Department

spur to Harris County, remains under review, as does a stretch from Hardisty, Alberta, to Steele City, Neb.

If built as proposed, the system would allow Canada, already the biggest foreign oil supplier to the U.S., to export an additional 1.1 million barrels of crude a day. Texas would receive up to 500,000 barrels each day.

A study released this month by the Perryman Group, an economic analysis firm based in Waco, concluded that the project could generate as much as \$2.3 billion in new spending for Texas during construction and \$1.1 billion in property taxes to local and county governments over the pipeline's operating lifetime.

Foes say dirt ahead

But environmentalists take a different view of the project's effects, saying tar sands represent one of the planet's dirtiest forms of oil production.

Extracting oil from tar sands involves clear-cutting and strip-mining massive swaths of pristine forest and requires large amounts of natural gas and water. The process has produced toxic ponds of waste in western Canada.

What's more, the energy-intensive process emits three times more greenhouse gases per barrel than production of conventional oil, environmental groups say.

Friends of the Earth, which opposes the project, estimates that the pipeline would increase greenhouse gas emissions by 38 million tons, equivalent to 6 million new cars on the road.

This week, 50 members of Congress asked Secretary of State Hillary Clinton to put the brakes on the project amid concerns over climate change and the Deepwater Horizon spill.

The State Department, which is involved because it issues permits for cross-border pipelines, concluded recently that the project would cause "limited adverse environmental impacts" during construction and operation if TransCanada follows its plans and the law.

With the public comment period on the project closing Friday, the State Department could make a decision on the permits as soon as this fall.

"If the spill in the Gulf of Mexico has taught us anything, it is that we must perform far more rigorous oversight and scrutiny of environmentally risky energy projects," U.S. Rep. Peter Welch, a Vermont Democrat and member of the House Energy and Commerce committee, said in a statement.

Friendly neighbor

But Rep. Kevin Brady, R-The Woodlands, whose district is in the path of the Keystone XL project, said foes are more concerned about tar sands than the pipeline.

From the ranches of East Texas to Capitol Hill, folks suddenly have the jitters about a proposed pipeline that would bring Canadian crude to the refineries of Houston and Port Arthur.

The \$7 billion project, called Keystone XL, would increase America's access to crude from Canada's tar sands, as offshore crude exploration faces scrutiny amid a runaway oil spill in the Gulf of Mexico and a legal fight over a federal offshore drilling moratorium.

But critics warn that the oil flowing through the 2,000-mile pipeline would come with a high environmental toll, leaving behind toxic sludge ponds and destroyed forests while producing large amounts of gases linked to climate change.

Ranchers also worry about the possibility of groundwater contamination, while some Houston-area residents say refining the crude will further foul the region's already dirty air.

"This isn't a hard thing for people to understand," said Matthew Tejada of the advocacy group Air Alliance Houston. "We're picking up Canada's trash and dumping it in Texas."

TransCanada Corp., the Canadian company building the pipeline, counters that the pipeline would provide a politically stable and reliable source of crude without the risks of drilling in the Gulf.

The increased Canadian shipments likely would offset declining imports from Mexico and Venezuela, TransCanada officials and analysts said.

"The significant benefit is energy security," said Robert Jones, the TransCanada vice president in charge of the Keystone XL pipeline project. "If we don't look at Canada as a stable source, then we'll have to look more at the Middle East."

Federal regulators already have approved two segments of the Keystone pipeline, with the first one delivering oil to Illinois this month. The Texas and Oklahoma portion, which includes a 47-mile



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"It seems to me that it's far better to rely on a friendly neighbor in Canada than some unstable sources around the world," Brady said, adding that the U.S. will still need some fossil fuels amid the push for alternative energy sources.

Other concerns include TransCanada's request for waivers to use thinner pipes on the Keystone XL than are normally required in the U.S.

Some ranchers and rural residents say they fear a leak would harm precious supplies of groundwater.

TransCanada plans to stitch the pipeline over the Ogallala Aquifer, which supplies water to part of Texas and much of the Midwest.

The pipeline also would cross more than 30 rivers and streams in Texas and could run underneath the Big Thicket National Preserve, said environmentalists and landowners.

"This doesn't seem to be a good time to build a pipeline anywhere," said Zeb Zbrank, an attorney in Liberty who served in the Texas House for 10 years. "This is something that will be dangerous."

Safety of pipelines touted

Jones, of TransCanada, defended the project, saying pipelines are the safest way to transport oil. The company will use pipe that has been employed safely in Canada for years and bury it 4 feet deep, he said.

Jones also downplayed concerns about Houston's air quality, saying the Canadian crude is replacing oil from other sources and has not led to changes in the refineries' pollution permits.

But Tejada, of Air Alliance Houston, found fault with TransCanada's position. He said the tar-sands crude when refined will emit higher levels of sulfur dioxide, nitrogen oxides and particulate matter into the air than conventional oil.

"Tar-sands oil is the nastiest crude on Earth," Tejada said. "Hopefully the Houston area will never have to make an exact calculation of just how dirty it is because hopefully it will never get here."

matthew.tresaugue@chron.com

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FarmerTex wrote:

"Why build a \$7 billion dollar pipeline 2000 miles long, when you could just build a few refineries in the northern border states??"

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camrek wrote:

It is sad that people who know nothing about the oil patch can get the headlines. Pipelines have been used for years and are safe; (ground water contamination?), give me a break. Most leaks along pipelines are caused by stupid people rupturing them while digging. These pipelines are regulated and well maintained. I bet those ranchers would welcome an oil well on their land; now you are talking about ground water pollution. As far as the enviro impact, most of that is going to happen in Canada, not along the pipeline corridor. After a pipeline is installed, its land is maintained better than most of the other land it is near; not to mention the integrity testing constantly done on the pipeline itself. This will have more benefits to everyone, including the land owners where the pipeline crosses; they get paid a lease for allowing the pipeline to cross.

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HPH007 wrote:

So much liberal anti energy company horses manure. Go get a pipeline map and see what criss crosses Texas already. The BP well offshore Louisiana is bringing the wackos out of the closet again. The same dipstick environmentalists who don't want the pipeline would oppose building new refineries anywhere else. If you build it right it will be fine. Just like the Alaska Pipeline didn't kill all of the caribou this will not kill all the wildlife in east Texas. May flush out some meth labs and pot gardens.

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TAEC Announces Plans to Open Production Facility for New Line of Powerful Green Cleaning Products



ESTERO, FL, Jun 28, 2010 (MARKETWIRE via COMTEX) -- Today's Alternative Energy Corporation (BSOM 0.07, -.00, -1.62%) (FRANKFURT: B10206) today announced plans to open a production facility that will manufacture a new line of industrial strength, environmentally friendly biodegradable cleaning products for consumers. TAEC has chosen to locate the production facility in San Antonio, Texas to take advantage of its business friendly low operating cost environment, its prime location for distributing TAEC's cleaning products to retailers nationwide and its proximity to a highly skilled workforce. TAEC is currently reviewing and negotiating production facility proposals submitted by the final candidates and expects to reach an agreement and start building out the facility in July. TAEC will manufacture cleaning products in the production facility using the Company's own scientific formulas that combine only natural ingredients and contain no ammonia, phosphates, dyes, artificial scents or toxins. The products are formulated to safely and naturally remove oil and grease. TAEC will launch the new line by offering a suite of household cleaners and has plans to extend the line by introducing new products for the commercial and industrial cleaning supplies markets.

Commenting on the announcement, David Bennett, TAEC CEO, said: "We are excited to announce plans to open TAEC's new production facility that will manufacture our line of powerful scientifically formulated green cleaning products. San Antonio is a community that is creating a green city, which mirrors our mission to provide consumers with potent eco-friendly biodegradable home cleansers. We look forward to starting production and launching sales to take advantage of growing consumer demand for green household cleaners."

About the Company:

TAEC operates a biodiesel division that intends to use extraction technology to convert waste cooking oil and grease into a biodiesel fuel ingredient sold to biodiesel fuel producers. TAEC's business is designed to eliminate environmental issues associated with disposing of waste cooking oil and grease. TAEC operates a cleaning division that will manufacture and sell a new line of industrial strength environmentally friendly biodegradable cleaning products that contain natural non-toxic ingredients made more powerful by TAEC's own scientific formulations.

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This document contains discussion of items that may constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Although the company believes the expectations reflected in such forward-looking statements are based on reasonable assumptions, it can give no assurances that its expectations will be achieved. Factors that could cause actual results to differ from expectations include, but are not limited to, lack of operating history and experience in the cleaning products market, history of losses, lack of employees, risks in maintaining intellectual property, market acceptance of our new products, competition from established green cleaning products, risks in establishing a manufacturing facility and being able to produce products in sufficient quantities and at economical prices, lack of working capital, debt obligations, general economic conditions in markets in which the company does business, extensive environmental and workplace regulation by federal and state agencies, other general risks related to its common stock, and other uncertainties and business issues that are detailed in its filings with the Securities and Exchange Commission.

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Superfund

Oklahoma Supreme Court Upholds Law Barring Challenges to Relocation Payments

AUSTIN, Texas—The Oklahoma Supreme Court on June 22 upheld the constitutionality of a state law barring legal challenges to the amount of relocation funds paid to people living near the Tar Creek superfund site (*Lafalier v. The Lead-Impacted Communities Relocation Assistance Trust*, Okla., No. 107833, 2010 OK 48, 6/22/10).

Although the supreme court in its opinion disagreed with the trial court's conclusion that the statute in question invoked the doctrine of sovereign immunity—which prohibits lawsuits against the state without its permission—it found that the Legislature properly withheld a cause of action when it stated that the law establishing the trust did not create any property rights subject to lawsuits. It rejected arguments that the law violated the state constitution's access to justice provisions and prohibitions against special laws.

However, the state supreme court found an Open Meetings Act violation by the Lead-Impacted Communities Relocation Assistance Trust, which is in charge of the relocation assistance, and remanded that aspect of the case to the district court.

Tar Creek

The Tar Creek superfund site was put on the National Priorities List in 1983 because of high concentrations of lead and zinc found in the area due to mining activities. The site is near the town of Picher, Okla.

The Environmental Protection Agency announced a cleanup and relocation plan for residents of Picher and other affected towns in February 2008 (36 DEN A-9, 2/25/08).

In 2004, the Oklahoma Legislature passed the Lead-Impacted Communities Relocation Assistance Act, which established the trust and developed a relocation assistance plan for both renters and property owners with children under the age of 6. In 2006, the plan was extended to both residents and businesses in an area of high subsidence risk (27A O.S. Supp. 2008 Sections 2201-2207).

The Legislature amended the act again in 2008 after a major tornado hit Picher. Under this provision, the Legislature set the date for valuing the property as a period between Jan. 31, 2006, and May 10, 2008—before the tornado—but also provided that relocation funds would be adjusted to reflect any private insurance proceeds residents received due to the tornado (27A O.S. Supp. 2008 Section 2203 (M)).

The plaintiffs sued over the valuation of their property and also sought a declaratory judgment on the constitutional issues, alleging that Section 2205—which prohibits lawsuits over valuation—and Section 2203(M) were unconstitutional. They further alleged that the trust violated the Open Meetings Act by allowing Oklahoma Secretary of the Environment J.D. Strong, a member of his staff, and representatives of insurers to attend executive sessions in which appraisals and valuations were discussed.

The district court found the law constitutional and concluded that the Open Meetings Act was not violated. The plaintiffs appealed.

Questions About Constitutionality

The court pointed out that Art. II, Section 6 of the Oklahoma Constitution, which provides that the courts be open to everyone, "is a mandate to the judiciary and not a substantive limitation on the

Legislature." The Legislature has the authority to abolish remedies or to create new ones, the court said. The constitution gives it the authority to decide what wrongs give rise to causes of action, so long as it does not disturb already established rights.

In this case, the plaintiffs are not required to relocate, and participation in the program is voluntary, the court said. Nor is Section 2205 unconstitutional as a special law, since it affects everyone in Tar Creek area who is at risk of lead exposure or damage from subsidence.

In finding Section 2203(M) constitutional, the court noted that the "obvious objective" of the law was avoid appraisal problems caused by the tornado damage by letting insurance proceeds address that difference in value. The court said the provision was not arbitrary.

However, the Open Meetings Act clearly does not permit the secretary of the environment, as a representative of the governor, to attend the trust's executive sessions, the court held. It remanded that issue for a determination as to whether the violation was willful.

The plaintiffs were represented by John Wiggins and Emily N. Kitch of Wiggins Sewell & Ogletree, and Jeff D. Marr of the Marr Law Firm, all of Oklahoma City.

Assistant Oklahoma Attorney General Scott D. Boughton of Oklahoma City represented the trust.

By Nancy J. Moore

The opinion of the Oklahoma Supreme Court in Lafalier v. The Lead-Impacted Communities Relocation Assistance Trust is available at
<http://www.oscn.net/applications/oscn/DeliverDocument.asp?CiteID=459268>.

EPA's February 2008 record of decision on the Tar Creek superfund site is available at
http://www.epa.gov/region6/6sf/oklahoma/tar_creek/ok_tar_creek_ou4_rod_200802.pdf.

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The New York Times

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A Blog About Energy and the Environment

JUNE 28, 2010, 3:13 PM

Toxic Mercury Is More at Home in Seawater, Study Finds

By [SINDYA N. BHANOO](#)

Agence France-Presse — Getty Images Unloading a fresh catch of tuna in Jakarta, Indonesia. It has long been known that [mercury levels in seafood](#) can prove poisonous to humans. Methylmercury, an especially toxic form of mercury, can lead to kidney dysfunction and neurological disorders.

Pregnant women in particular are told to be careful because dietary exposure to methylmercury can lead to birth defects in infants.

Now a new study suggests that humans need to be more wary of saltwater fish like tuna, mackerel and sharks than of freshwater fish. Although seawater has lower concentrations of mercury than freshwater, mercury in seawater is more likely to stay in its toxic form, researchers report in a recent issue of [Nature Geoscience](#).

In freshwater, methylmercury tends to latch onto decaying organic matter like dead plants and animals. It then breaks down with the help of sunlight. In saltwater, methylmercury latches onto chloride, which does not easily break down. The mercury is then likely to be ingested by marine mammals.

“Because sunlight does not break it down in seawater, the lifetime of methylmercury is much longer in the marine environment,” [Heileen Hsu-Kim](#), assistant professor of civil and environmental engineering at Duke University and one of the study’s authors, said in a press release. “However, the Food and Drug Administration and the Environmental Protection Agency do not distinguish between freshwater and seawater.”

[Mercury enters the environment](#) via human activities like manufacturing and coal burning as well as from natural sources like volcanic eruptions.

The E.P.A. does offer [some tips](#) on fish consumption, especially by women and young children.

In line with Dr. Hsu-Kim’s research, the E.P.A. suggests that shark and king mackerel be avoided because of their high mercury content. Shrimp, salmon, pollock and catfish are among the fish that the agency recommended for lower mercury levels.

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June 28, 2010

Team's Work Uses a Virus to Convert Methane to Ethylene

By **JOHN MARKOFF**

SAN FRANCISCO — A team of molecular biologists and materials scientists said Monday they had genetically engineered a virus to convert methane to ethylene more efficiently and at a significantly lower temperature than previously possible.

If they are successful in commercializing the new material, it will herald the arrival of a set of new technologies that represents a synthesis of molecular biology and industrial chemistry.

Ethylene, a gas with a characteristic sweet smell that may have once given insights to the Oracle of Delphi, is widely used in the manufacturing of plastics, solvents and fibers, and is essential for an array of consumer and industrial products. But it is still produced by steam cracking, a high-temperature, energy-intensive and expensive industrial process first developed in the 19th century. In this process, hydrocarbons found in crude oil are broken down into a range of simpler chemical compounds.

The search for more efficient, less expensive approaches to the production of ethylene has gone on for more than three decades, and although some progress has been made no new techniques have yet proved commercially viable.

Now a small group of researchers at Siluria Technologies, a Silicon Valley startup based here, are reporting progress in commercializing a nanoscience-based approach to ethylene production.

Their technique for producing ethylene depends on the ability of a genetically engineered virus to coat itself with a metal that serves as a catalyst for an ethylene producing chemical reaction. The key is that the virus can create a “tangle of catalyst coated nanowires — the researchers call it a **hairball** — that provide so much surface area for chemical reactions to occur that the energy needed to produce the reactions is much reduced.

The basic process, or chemical reaction, known as oxidative coupling of methane, was an area of intense research for the petrochemical industry beginning in the late 1980s. Researchers had

some success but never achieved enough of an improvement in energy efficiency to justify displacing the traditional steam-cracking process.

With its hairballs of virus-created nanowires coated with unspecified metals, Siluria has been able to create ethylene-producing reactions at temperatures 200 to 300 degrees lower than previously achieved, said Erik Scher, a chemist who is one of the company's researchers. The company won't say specifically what the coating is, but say that magnesium oxide is an example of the kind of metals involved.

The work is based on a technique for genetically engineering viruses pioneered by Angela Belcher, who leads the Biomolecular Materials Group at [M.I.T.](#) The technique involves manipulating the genes of a virus, in this case one that usually attacks bacteria, so that it will collect and coat itself with inorganic materials, like metals and even carbon nanotubes.

The viruses can be used to create a dense tangle of metal nanowires, and the potential applications for these engineered materials are remarkably diverse. Dr. Belcher's lab is busy with research on more efficient batteries and solar cells, [biofuels](#), hydrogen separation and other fuel cell technologies, CO2 sequestration, [cancer](#) diagnostic and therapeutic approaches, as well as an effort to create a catalyst that can convert ethanol to hydrogen at room temperature.

Last year the laboratory published a [paper in the journal Science](#) that described using a virus to synthesize nanowires of cobalt oxide at room temperature to improve the capacity of thin, flexible [lithium](#) ion batteries. In April the M.I.T. researchers engineered a virus to mimic photosynthesis and produce hydrogen at room temperature by separating water molecules.

Dr. Belcher said her goal had not been commercialization of the potential new technologies she had designed. "We think, 'What is the problem that needs to be solved?' and that is where we head," she said.

In contrast, the Siluria researchers said their advance in developing catalysts is the most significant step yet toward commercialization of the bacteriophage technique.

"We are learning from nature, but going to new places in the periodic table and working with the same tools and techniques to use materials that nature has not worked with," said Alex Tkachenko, a molecular biologist who is a co-founder of Siluria.

"What is different now," said Dr. Tkachenko, "is that Angie's biosynthetic technology allows us to grow these catalysts in a bottom-up synthetic way into novel shapes — nanowires — which in turn, allow us to create unique surface morphologies."

The researchers acknowledged that they do not yet have a complete scientific understanding of

the surface behavior of their new catalyst.

“These are the next generations that will evolve into materials and systems, that we can’t even imagine right now,” said Mehmet Sarikaya, director of the Genetically Engineered Materials Science and Engineering Center at the [University of Washington](#). Dr. Sarikaya’s lab is performing similar research in designing materials like smaller proteins and peptides, that can mimic biological processes.



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June 27, 2010

The Return of Superfund

Superfund — which cleans up abandoned hazardous waste sites — is one of the country's most important environmental programs. It has been struggling since 1995, when a Republican Congress refused to renew the corporate taxes that gave it a steady source of financing. The pace of cleanups has dropped markedly.

The Environmental Protection Agency has now asked Congress to reinstate Superfund taxes. Representative Earl Blumenauer, Democrat of Oregon, has introduced a bill that would raise about \$19 billion over 10 years by imposing excise taxes on oil producers, refineries, chemical manufacturers and a few other industries.

Mr. Blumenauer's bill stands a good chance in the House. But industry is expected to push back hard in the Senate, where Frank Lautenberg, a New Jersey Democrat, has offered a similar measure.

Superfund was enacted under President Jimmy Carter in 1980 to clean up thousands of the country's most contaminated waste sites that were polluting local water supplies and causing health problems. Its core principle was that polluters should pay for the messes they had caused. Companies that were clearly responsible for the pollution would have to foot the entire cleanup bill — just as G.E. is now paying for cleaning up the PCBs it deposited in the Hudson River decades ago.

In some cases, however, it was hard to pinpoint responsibility because sites had changed hands over the years or the owners had gone bankrupt. So Congress created an "orphan fund" financed by corporate excise taxes to clean sites where the polluter could not be clearly identified.

Before it ran out of cash, the orphan fund had paid for cleanups at more than a third of the 1,000 or so sites Superfund has so far dealt with. But as the program came to depend increasingly on uncertain Congressional appropriations, the pace of cleanup slowed — 19 total sites last year, compared with 89 a decade before that.

Every year, new sites are added to the list. There are now about 1,200 sites waiting to be cleaned up, of which roughly half are orphan sites. Congress needs to reinstate the excise taxes so Superfund can get back to doing its job.



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Geothermal energy is gaining ground in Texas

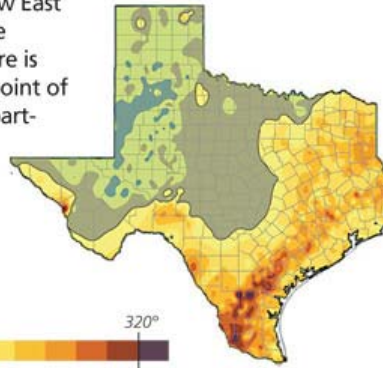
By Colin McDonald - Express-News

Web Posted: 06/27/2010 12:00 CDT



The heat below our feet

At 12,000 feet below East and South Texas the average temperature is above the boiling point of water. The U.S. Department of Energy is evaluating how to tap this heat to produce clean electricity.



Source: State Energy Conservation Office

EXPRESS-NEWS GRAPHIC

LEFT: Geothermal water wells like this one west of Minersville, Utah, soon could dot the Texas landscape. Energy costs and advancements in technology are making them feasible. ASSOCIATED PRESS FILE PHOTO

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Miles below Texas are zones of hot, pressurized brine that for decades posed a liability to drillers and rendered oil and gas wells worthless.

Now, new wildcatters are going after those same pools in the name of green energy. They want to use the pressure and heat to make electricity.

If successful, they will introduce a new source of clean power to the grid that has the potential to exceed all other sources.

According to a report by the Southern Methodist University Geothermal Laboratory, the hot water and pressure between 8,000 and 25,000 feet below Texas could supply more than 100 times the state's 2008 total electric consumption for well over a century.

The concept and technology of using the hot water from old oil and gas wells have been around in various forms since the 1960s. Since then, more than half a million oil and gas wells have been drilled in Texas.

The challenge always has been to make electricity production economical from those wells.

This summer, a Houston company will give it a try at a well in Liberty County. Also, a San Antonio company is working on financing a project to produce more than 100 megawatts in 12 months.

They and a handful of other companies have the support of the federal and state governments. A new state law provides tax incentives to

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FROM OUR HOMEPAGE



Application

Energy Star: Federal Tax Credits
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companies producing electricity from oil and gas wells.

The Texas Public Utility Commission is working on rules to kick-start the geothermal market by requiring utilities to buy more clean energy. The commission did the same thing for wind power development, which is one reason Texas now is a national leader in wind energy production.

The federal government is issuing grants, including several in Texas, to accelerate the development of the geothermal market.

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